# FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,707 Tuesday February 23 1982 ***30p

CONTINENTAL SELLING PRICES: AUSTRIA Sch. 18; BELGIUM Fr 30; DENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 42p; MALTA 30c



## NEWS SUMMARY

### GENERAL

## Fowler defends hospital charges

Insurance companies will provide most of the £6m a year expected to be raised from the charges for hospital treatment to be imposed on overseas visitors to Britain, Social Services Secretary Norman Fowler said in the Commons yesterday.

He denied that the charges are a forerunner to a general charging policy for all NHS patients.

"It is only fair that people coming from overseas who have not contributed through taxes should be asked to pay for treatment which our own citizens would be required to pay when they are overseas," he said. Parliament, Page 10

### X-ray test ban

Home Secretary William Whitelaw banned the use of X-rays to determine the age of would-be immigrants to Britain.

### TUC 'war chest'

The TUC is to ask affiliated unions to create a £1.1m "war chest" to support its campaign against the forthcoming Employment Bill. Back Page

### Gold handshake

Ed Chilton, former executive director of The Rank Organisation, was paid £155,000 compensation for loss of office in January, 1981. Back Page

### Dispute continues

British Airways' 2,000 ramp workers voted to continue for another week their two-week-old dispute over redundancies. Page 10

### IRA allegations

Top members of the New York-based Irish Northern Aid Committee are implicated in illegal arms shipments to the IRA, according to Granada TV's World In Action.

### Assets seized

Property tycoon Nicholas van Hoogstraten, who is being sued for about £2.5m unpaid tax, agreed in the High Court to allow the Inland Revenue to seize assets worth about £1m.

### £162,000 award

Riding instructor Christine Simpson, crippled for life after being thrown from a horse, was awarded £162,000 agreed damages in the High Court in London.

### Elvis fraud case

The U.S. Supreme Court cleared the way for a retrial of two men charged with a scheme to defraud Elvis Presley of one or more jet aircraft.

### Story was false

The New York Times said an article in its magazine last December by a freelance writer on a trip supposedly made to Kampuchea was a fabrication.

### Wellington pays

The papers of the first Duke of Wellington have been given to the University of Southampton in lieu of capital transfer tax of £372,600 on the estate of the seventh Duke.

### Giantess dies

The world's tallest woman, Zeng Jinlian, 8ft 1in, died in Hunan, China, of diabetes, aged 17.

### Briefly . . .

Tehran bomb killed 15 and wounded 60.

Singapore expelled two Soviet nationals accused of spying. Page 4

Two more climbers died on Ben Nevis.

### BUSINESS

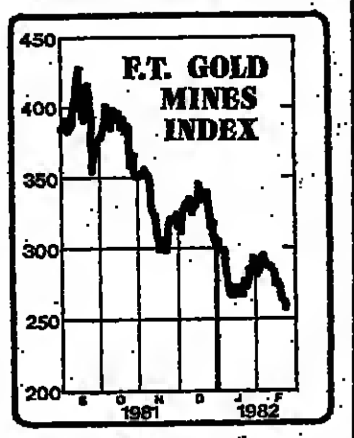
## Gilts strong; £ and $ ease

● GILTS were strong as international interest rates fell. The Government Securities index rose 0.95 to 67.14. Page 28

● EQUITIES were underpinned by Gilts' firmness. The FT 30-Share index closed 5.9 higher at 568.2. Page 28

● GOLD fell $2 in London to $365.5. In New York the Comex February close was $364. Page 22

● GOLD MINES mirrored the decline in the bullion price,




and the FT index fell 5.3 to 256, its lowest since December 31, 1979.

● DOLLAR lost ground on easier U.S. interest rates. It closed at DM 2.352 (DM 2.3645), SwFr 1.871 (SwFr 1.885), FFr 6.0125 (FFr 6.0175) and Y232.15 (Y233.25). Its trade weighted index was down at 111.7 (111.9). Page 22

● STERLING also eased on lower world oil prices and London interest rates. It shed 60 points at $1.848, and fell to FFr 11.11 (FFr 11.1525), DM 4.35 (DM 4.385) and Y429.5 (Y432.5). Its Bank of England index was 91.4 (91.6). Page 22

● WALL STREET was off 7.71 at $16.59 before the close. Page 26

● PRICE-CUTTING helped the volume of January retail sales to rise sharply over December, but the quarterly trend was still lower. Back Page

● GOVERNMENT could enter the next general election with inflation at 4 per cent a year, economic activity up sharply and lower unemployment, a forecast said. Page 9

● NATIONAL FREIGHT Company was sold to a consortium of managers, staff and pensioners for £53.5m, the biggest buy-out of a British industrial company. Page 8

● BL CARS plans to introduce a new engine at its Longbridge plant in Birmingham, where it is trying to lose 850 jobs by April. Back Page

● GOVERNMENT economic policies, especially its attitude to the textile industry, must be reconsidered, the British Textile Confederation director urged. Page 9

● MANY CARDIFF households flooded in 1979 were not adequately compensated by their insurance companies, a survey said. Page 9

● EEC Foreign Ministers were non-committal over proposals to launch Gatt proceedings against alleged Japanese protectionism. Page 6

● IN COLOMBIA, 10,000 textile workers decided to strike after their claim for a 60 per cent wage rise was rejected.

● INDONESIA, whose coffee export earnings have fallen by half in nine months, wants radical changes in the International Coffee Agreement this month. Page 27

● KOMATSU of Japan, construction machinery maker, reported record sales and profits last year. Unconsolidated net profits were 19.9 per cent up at Y27.24bn (£61.6m). Page 25

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Exchqr 13¼pc 1987 A (£20 paid) | £21⅞ | + 1½ |
| Trsy 11¾pc 2001-04 | £83¼ | + 2½ |
| BPB | 378 | + 10 |
| Barclays Bank | 500 | + 14 |
| British Land | 91 | + 4 |
| British Sugar | 418 | + 8 |
| Davenports' Brwy | 147 | + 7 |
| Eagle Star | 386 | + 10 |
| Ferranti | 665 | + 25 |
| Glaxo | 473 | + 8 |
| GKN | 171 | + 6 |
| Hawley Group | 79 | + 3 |
| Hoskins & Horton | 126 | + 6 |
| House of Fraser | 172 | + 6 |
| Kennedy Brookes | 175 | + 13 |
| Land Securities | 306 | + 8 |
| Lincroft Kilgour | 40 | + 4 |
| Lloyds Bank | 500 | + 14 |
| Marchwiel | 140 | + 6 |
| Marks and Spencer | 146 | + 6 |
| NatWest Bank | 480 | + 14 |
| North (M. F.) | 34 | + 3 |
| Notts Mnfg | 167 | + 5 |
| Smiths Inds | 350 | + 10 |
| Sun Alliance | 912 | + 12 |
| Thorn EMI | 485 | + 10 |
| Unilever | 670 | + 15 |

| FALLS | | |
|---|---|---|
| Berkeley Explor | 328 | − 12 |
| KCA Intnl | 95 | − 7 |
| LASMO | 295 | − 15 |
| Tricentrol | 194 | − 6 |
| Gold Fields SA | £28 | − 1 |
| Transvaal Cns | £23 | − 1 |
| Vaal Reefs | £29¼ | − 1 |

# Independent telephone network for business given official go-ahead

BY JASON CRISP

BRITAIN IS to have an independent telephone network for business users in competition with British Telecom after over 60 years of state monopoly in telecommunications.

Mr Patrick Jenkin, Industry Secretary, announced yesterday that he had issued a licence to the Mercury consortium under the British Telecommunications Act passed last year.

Mercury is a £50m joint venture between Cable and Wireless (40 per cent), BP (40 per cent) and Barclays Merchant Bank (20 per cent). Initially the venture is planned to link seven major business centres in Britain using optical fibre cables laid alongside British Rail's tracks.

It hopes to link its first customers in London by the beginning of next year. The first trunk route to Birmingham is scheduled also for early next year.

The all-digital system will be capable of carrying conversations, data transmission and videoconferences. The optical fibre cables will carry up to 8,000 telephone conversations along hair-thin strands of glass.

British Telecom has agreed in principle that Mercury will be able to interconnect with the UK public network although it has always fought vigorously against the establishment of a competing network.

Interconnection will mean that a company outside the first seven centres will be able to dial into the Mercury network via British Telecom. Mercury plans to undercut British Telecom's trunk rates.

Mercury still has to reach agreement—both financial and technical—with British Telecom on interconnection. Sir George Jefferson, chairman of British Telecom, warned yesterday that British Telecom would ensure that "the economics of our system are not unreasonably affected" by interconnection.

The negotiations on interconnection are being carried out between Cable and Wireless and British Telecom but the Department of Industry may intervene if the discussions get bogged down. It is seen as particularly important that the network comes into operation before the next general election. The department hopes British Telecom and Mercury will come to an agreement within three to six months.

The licence also requires that Mercury will pay a royalty to the Government. This could either be paid directly to Government or to British Telecom, depending on the negotiations on interconnection.

Mercury will also be able to lease and offer private international circuits although British Telecom will remain the sole international carrier.

Mercury will link directly to international communications satellites from its own independent earth station with a large dish aerial in the UK.

Cable and Wireless fought hard to be allowed to be able to interconnect with public switched international circuits now used by domestic and general business users. The Government may eventually allow access to these circuits but it has made no promise to Mercury in the licence.

There are two major problems with international interconnection. One is that there is at present no machinery for negotiation between more than one international carrier in each country.

The second is that most of British Telecom's profits come from international calls and competition there could seriously damage its finances. It is currently investing £2bn a year in modernising its network.

Editorial Comment, Page 16

# Oil states call for urgent talks on price confusion

BY RAY DAFTER, ENERGY EDITOR

LEADING OIL producers have called for an emergency meeting of the Organisation of Petroleum Exporting Countries later this week in a bid to restore order to the confused oil market.

The calls came as Iran was reported to have cut the price of its oil by a further $2 a barrel—its third reduction in just a few weeks.

Reports circulating in the European oil industry last night said Iran, in a bid to find new buyers, had set a rate of $30.20 for its light crude oil—$4 less than the contract price at the beginning of the month. The official rate for the heavy grade was said to be $28.30, again a $4 drop.

In terms of world supplies, the war-hit Iranian oil industry makes only a minor contribution. Iran's exports are thought to be about 500,000 barrels a day. But the price cut is a further threat to Opec's fragile price unity and increases the likelihood of an extraordinary ministerial meeting being held soon.

Pressure for a meeting — still to be arranged—is said in Opec to be coming from several Middle East and African members, including Algeria, Libya, Iran and Iraq.

Reports in Abu Dhabi yesterday indicated that Dr Mana Said Al-Otaiba, the Opec president, had asked the organisation's secretariat to try to obtain agreement from the 13 member states for a ministerial meeting on Saturday. But there was no official confirmation from the Vienna-based secretariat.

Saudi Arabia's attitude is crucial. So far it has resisted calls for a special meeting. As the world's major exporter it realises that it would have to shoulder most of the responsibility for official price reductions and production cuts—steps which oil traders said would be necessary to stop free-market prices falling further.

Traders reported that the spot price of Arab Light crude and dropped to about $28.50—$5.50 a barrel below the official price of $34 charged by Saudi Arabia.

Cargoes of North Sea crude were yesterday sold for between $28.50 and $28.75 a barrel — as much as $6.60 below contract rates established by the state-owned British National Oil Corporation.

In spite of the widening gap between official rates and spot prices, BNOC has not yet been asked to negotiate new tariffs.

Leading refiners which forced the corporation to cut prices by $1.50 a barrel on February 8 are waiting to see how the market settles, particularly in the light of a possible Opec meeting. But some U.S.-based companies have warned BNOC that when contracts are renewed on April 1 they will buy less UK oil.

Refiners in the U.S. have less need to import, given reduced demand levels, high stocks and buoyant domestic production. It is understood that officials in the U.S.-based consortium of the Arabian American Oil Company (Aramco) have been among those putting pressure on Saudi Arabia to attend an emergency Opec summit.

The official Libyan Jana News Agency called on the Saudis to reduce production from the present level of 8.5m b/d to 4m b/d. In a commentary critical of Saudi Arabia,

Continued on Back Page

# Civil Service set for computer pact

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is on the point of securing union agreement to the introduction of new technology in the Civil Service—though Ministers have been forced to concede to the unions a guarantee that no compulsory redundancies will result from it in the next two years.

The proposed agreement, which is being recommended for acceptance by union executives by their negotiators, will be a breakthrough for the Government in its efforts to bring computers into the Service. The proposal to computerise the Pay As You Earn tax system is particularly important.

Even though the confidential draft agreement, due to be put to unions over the next few weeks, lays down that it will come into effect from March 22 for two years, there are, however, possible stumbling blocks to its implementation.

It is possible that some unions may reject it, though if two of the largest unions accept it—the Civil and Public Services Association and the Institution of Professional Civil Servants—then the others would have to submit to it on a two-thirds majority vote of the constituents of the Council of Civil Service Unions.

The draft agreement is due to be put to a full meeting of the CCSU on March 17 following its examination by individual executives.

The Government's offer of a no-redundancy pledge follows contentious Cabinet discussion of the issue, with the Prime Minister and Sir Geoffrey Howe, the Chancellor, understood to be opposed to such a clause.

The clause which has resulted states that, while "a number of jobs will be lost as a result of the introduction of new technology," the Government believes that "it will be possible to reabsorb the staff concerned in other jobs through redeployment and as a result of natural wastage."

The key section reads: "It is therefore the intention of the Official Side that there should not be any recourse to compulsory redundancies on this account during the period covered by the agreement." However, it is careful to state that this pledge in the interim agreement "does not constitute a precedent beyond this time."

A note by Mr Peter Jones, CCSU secretary, says that this

Continued on Back Page

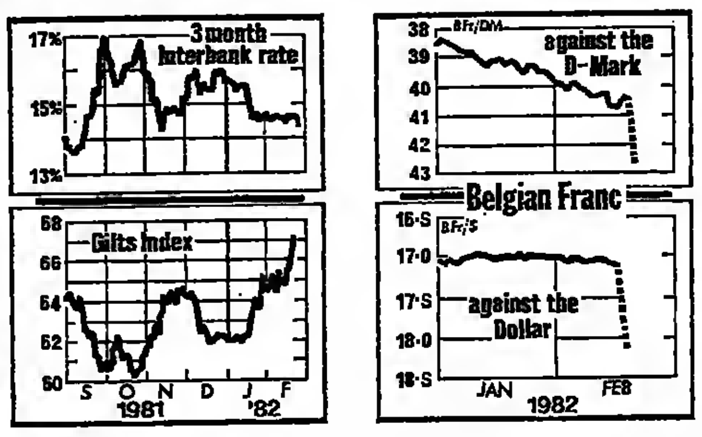
# Interest rates cut triggered by U.S. hopes

BY OUR FOREIGN AND FINANCIAL STAFF

INTEREST RATES fell in financial centres around the world yesterday amid strengthening hopes on the credit markets that the worst of the U.S. monetary squeeze may be over.

Following the weekend devaluation of the Belgian franc within the European Monetary System, the Belgian authorities cut interest rates slightly as the franc moved smoothly to the top of its new EMS exchange rate band.

Financial markets generally were optimistic about cuts in interest rates after the larger




than expected drop in the U.S. money supply, announced in New York on Friday.

In London, the Bank of England cut its money market bill dealing rates be between 1/16 and ⅛ point as sterling interest rates fell sharply. Interest rate hopes were reflected in a strong showing on the London gilt-edged market, with long-dated stocks rising by up to 2¼ points.

The short-term tap issue, Exchequer 13¾ per cent 1987 "A," was exhaused early in the morning, leaving the market without a conventional tap stock.

In the U.S., all markets opened on a strong note in the wake of the Federal Reserve Board money supply figures.

Interest rates in the credit markets eased by about half a percentage point and a number of small regional banks reduced their prime rate from 17 per cent to 16½ per cent. Stock prices were up quite strongly by noon.

On the Continent, the Belgian National Bank led the move towards easier credit by lowering interest rates on one-to-three-month Treasury bills by ½ point.

Day-to-day interest rates on the Paris money market also fell by ¼ point, following the cut in the Banque de France's money market intervention rate.

The Eurodollar bond market in London saw $600m (£323m) of new fixed-interest offers as borrowers rushed to take advantage of falling interest rates. The six-month Eurodollar deposit rate last night closed at 15 per cent, a ⅝ point fall since Friday. Eurodollar bond prices rose by an average of ½ point.

Meanwhile, foreign exchanges reacted calmly to the weekend EMS realignment, involving an 8.5 per cent devaluation of the Belgian currency and a 3 per cent lowering of the Danish krone.

As is usual following EMS exchange rate changes, the Belgian franc fell by less than the full amount of the devaluation. It was fixed in Brussels 5.5 per cent lower against the dollar and 6.2 per cent down against the Deutsche-Mark.

The dollar was generally depressed by the easier trend of U.S. interest rates, falling to a close of DM 2.3520 in London against DM 2.3645 on Friday.

Sterling also lost ground generally, closing 0.60 cents lower against the dollar at $1.8480 and also falling against Continental currencies.

It finished at DM 4.35 from Friday's DM 4.385 and dropped to FFr 11.11 from FFr 11.1525. The trade-weighted index of its value against a basket of other currencies finished at 91.4, down from 91.6 at Friday's close.

Sterling's decline was largely triggered off by declining UK money market interest rates.

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Cyclical indicators point to upturn, Page 8
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£ in New York

| — | Feb. 19 | previous |
|---|---|---|
| Spot | $1.8580-8630 | $1.8560-8530 |
| 1 month | 0.18-0.23 pm | 0.20-0.25 pm |
| 3 months | 0.63-0.68 pm | 0.67-0.72 pm |
| 12 months | 2.75-1.85 pm | 2.50-2.45 pm |

# Manxmen look into breaking link with sterling

By William Hall, Banking Correspondent

THE Isle of Man, known for Manx cats and TT motor-cycle races, is looking into the possibility of breaking its links with sterling and withdrawing from the sterling area.

The subject is now under study by the Isle of Man Treasury, which wishes to be prepared to move if the UK reintroduces exchange controls. The authorities expect to have formed a conclusion on the wisdom of such a move within two years.

As a sterling area member the Isle of Man would be automatically subject to restrictions under UK exchange controls. Isle of Man officials fear this could damage the islands' flourishing offshore banking business.

Offshore banking is the island's biggest industry and the financial services sector now accounts for about a quarter of its total income.

Mr Bill Dawson, the Isle of Man treasurer, says that since UK exchange controls were abolished just over two years ago the non-UK business of the island's 48 banks has grown faster than UK-related business.

Exchange controls restrict movement of international funds. Mr Dawson says this may not be in the island's best interests if it is to continue to develop as an offshore financial centre.

He admits, however, that breaking the ties between the Isle of Man's currency and sterling raises several complex issues.

The lack of separate customs duties and customs barriers makes it hard at present to calculate the Isle of Man's balance of payments position, and it would be difficult for the island to set up shop as an independent offshore centre not knowing whether it was in surplus or deficit.

Mr Dawson says he is aware some will argue the Isle of Man's present link with sterling works to the island's benefit and he still has an open mind.

He says, however: "We in the Treasury feel this is an area which we must study, and must be in a position to formulate a reasoned judgment within the next two years."

The Isle of Man has taken several steps recently to bolster its position in the offshore banking world.



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GREENLAND VOTES TODAY ON WITHDRAWAL FROM THE EEC

# Why cash may prove a less potent lure

BY HILARY BARNES IN COPENHAGEN

THE 50,000 people of Greenland are expected today to vote in a referendum to withdraw their ice-bound province from the European Community, presenting their Government with a tricky constitutional problem.

Greenland in 1973 was a province of Denmark with the status of a county and so joined the EEC with the Danes, despite voting heavily against entry.

"EEC membership was pulled down over our heads like an anorak," according to Mr Jonathan Motzfeldt, leader of the anti-Community Siumut Party and head of Greenland's first home rule Government.

After gaining home rule in 1979, the Greenlanders decided to hold a referendum on getting the "EEC out of Greenland," and Mr Anker Joergensen, the Danish Prime Minister, has promised to respect their wish. Constitutionally speaking, the Greenland Government can only ask Denmark to take up the matter with the Community. The agreement of all ten EEC Governments will also be required for withdrawal and some may be less than enthusiastic about such an example to their own separatist movements.

If the EEC refuses to grant a Greenland request, it might spark demands for independence from Denmark, although such a step would have grave economic consequences, as some 80 per cent of the Greenland national income is derived from transfers from Denmark.

Mr Motzfeldt's party is left-wing Socialist but is firmly committed to the Danish link. This implies that Greenland is within the Nato sphere. The Siumut Party, however, is allied in an anti-EEC front called Anisa, with two small extremist parties, some members of which want independence. According to Atassut, the pro-Community party, their long-term aim is a Communist Greenland.

Economically, most Greenlanders would agree that they stand to lose from leaving the EEC. Last year the province received about DKr 158m (£11.3m) from the social and regional funds. Among other things, the programme for industrial training for young Greenlanders is crucially dependent on funds from the social fund. Greenland has also received substantial loans from the European Investment Bank.

Against this, the province may may be able to import its food considerably cheaper. The savings claimed vary from DKr 40m (£2.8m) to more than DKr 100m (£7.2m).

Atassut's candidates have warned that leaving the Community could lead Greenland into economic chaos. The Danes have made it very clear that they will not make up the shortfall in resources if Greenland opts out. But economic considerations seem to take second place for most Greenlanders to what Mr Knud Hertling, a former Greenland minister (in the Danish Government) referred to as "national dignity."

Greenland's ice-bound coast prevents ships docking at many harbours

The Greenlanders see themselves as having more in common with the Inuit (Eskimo) peoples of North America — though the Greenlanders themselves are a mixed Euro-Eskimo people — than with Europe.

The rising tide of nationalist feeling has been inflamed by the Greenlanders' conviction that EEC fisheries policy is robbing them of their most important natural resource.

Mr Lars Emil Johansen, who has responsibility for industry in the Greenland Government, declared at the weekend that any Greenland vote to leave the EEC can be blamed on illegal, predatory fisheries activities of West German "multinational" fisheries interests.

In fact, the EEC has provided funds to develop the local fisheries industry and made sure that the Greenlanders are awarded catch quotas which are up to the capacity of the fleet and the processing industry. But Greenlanders want total control over their own fisheries resources, hoping to auction off fishing rights as one means to compensating for loss of Community revenues.

# Balsemao for talks in Rome

By Diana Smith in Lisbon

PORTUGAL'S Prime Minister, Sr Francisco Balsemao, today flies to Rome on the second leg of his marathon tour of European Community capitals. He will go on to The Hague later in the week.

He is attempting to speed up the pace of negotiations on Portugal's entry to the EEC. The Italian and Dutch rounds of talks are reckoned to be among the least difficult for Portuguese officials, since there are no serious differences over important industries like textiles.

Not that the Portuguese would not like to avail themselves in time of what a Lisbon official once called "those imaginative Community subsidies" enjoyed by the Italian tomato concentrate industry. Their own industry produces a high-quality product in small quantities.

It seems that Italy is reasonably happy to see Portugal join the EEC. Membership of another southern European country whose problems are similar, in some cases, to those of southern Italy, would increase the bargaining power of the "Mediterranean" bloc in Italy's view.

In late March, Sr Balsemao will face far tougher talks with EEC leaders in nations like Great Britain and France, where questions of textile quotas, particularly, carry heavy political overtones.

## Italian Government grapples with delicate political problem

# Spadolini steps in to help critical housing shortage

BY JAMES BUXTON IN ROME

PEOPLE WHO attribute most of Italy's problems to its fractious politicians may be on firm ground when it comes to housing. The housing shortage is now so acute that it feeds other social problems, from terrorism to drug addiction. The experts almost unanimously attribute it to excessive legislation. However, at least a practical solution is on the way in the form of new legislation proposed by the Government.

For the past 10 years, new acts dealing with housing have come into force on average every 15 months. In the same period, home construction and the letting market have gradually suffocated.

The number of homes built is steadily falling, while the number of families wanting them goes on rising. At present construction rates, it will take 25 years to house the 800,000 families who have their names down for publicly provided accommodation. Some 110,000 families are currently under legal orders to leave their rented apartments, yet the number of flats which landlords hold empty is soaring.

This housing shortage has hindered people from getting married and forced some married couples to live with their parents, while lack of rented accommodation is drastically curbing job mobility. But the predominantly middle class people who own property have seen its value rise at nearly double the rate of inflation since 1978.

Last month, Sig Giovanni Spadolini's Government finally agreed on a package of tax and legal measures which, if nothing else, are a political landmark in providing the first building incentives in a decade. But how far they will go to resolve the problem remains uncertain.

Earlier governments had intervened to end the abuses of the 1960s, when many cities expanded faster than their municipalities could control them in contrast to the present situation. Developers in Rome built substantial housing estates in the countryside, producing neighbourhoods often without parks or proper services and leaving wedges of forlorn agricultural land in between.

But the legislation on building permits introduced by these governments in the mid-

> For the past 10 years, a new Act dealing with housing has come into force on average every 15 months. In the same period, home construction and the letting market have gradually suffocated. The number of homes built is steadily falling, while the number of families wanting them goes on rising.

1970s was so strict that the building of new homes slowed down sharply — by 22 per cent between 1978 and 1981 — while demand rose.

In 1978, to deal with anomalies in rent legislation, the Government brought in an astonishingly detailed rent law called the Equo Canone (fair rent). It laid down the rent which can legally be charged for each flat, based on its floor area, its place in the apartment building, its location in the city, whether it has a garage and other factors.

It allows rents to rise annually by a little less than the inflation rate. In theory, the landlord can evict his tenant if he needs the property for his own use or for that of his close relatives — but only after four years letting and a difficult legal battle in which, the landlords say, most of the cards are stacked in favour of the tenant.

The Equo Canone is a good example of Italian politicians' desire to impose order on a visibly disorderly country. The law's supporters point out that it affords tenants considerable security of tenure, while giving the landlord a virtually inflation-proof income.

But the smooth working of the Equo Canone has been undermined by severe delays in getting construction permits passed. As the supply of new accommodation is restricted, the capital value of existing properties has soared. The full value can only be realised if

> Many landlords still let flats, but usually only to friends whom they trust, or to foreigners and others who are prepared to pay a rent reflecting the property's real scarcity value. One consequence is that Italy now has the highest rate of owner-occupancy in Europe after the Netherlands—some 57 per cent.

the property is empty, and because regaining possession of a flat is difficult, prudent owners are ceasing to let their flats. They try to evict their tenants when they legally can and then keep the flat empty, waiting for its value to rise further. For this reason, there are now said to be 37,000 empty flats in Milan and 21,000 in Rome.

Many landlords still let flats, but usually only to friends whom they trust or to foreigners and others who are prepared to pay a rent reflecting the property's real scarcity value, which may be at least twice the Equo Canone rent. Italians frequently pay large premiums in key money just to get a tenancy.

One consequence is that Italy now has the second highest rate of owner-occupancy in Europe after the Netherlands—some 57 per cent. This is in spite of tight credit restrictions and the absence of building societies in Italy.

But from the political point of view, the situation has become critical. It was therefore that the Spadolini Government finally decided to act.

After several months of internal debate, it decreed the postponement for one year of eviction orders against poorer people in the larger cities and for a lesser period in other towns. It is bringing in a new set of tax proposals, which will penalise landlords who keep flats empty and reword those prepared to let them for at least 10 years.

The large institutions and companies which own properties will be given big reductions in sales tax if they sell them and reductions in capital gains tax if they invest the proceeds in new housing. More money will be spent on public housing, and to jerk local authorities out of sloth, anyone who has heard nothing about his building application for three months can automatically go ahead with construction.

The package is inevitably being criticised from all quarters and could face difficulties in parliament. The postponement of evictions will solve nothing in itself and any increased new building will not make its effects felt on the housing market for some time.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

# Dublin parties start jockeying for position

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

INTENSE political lobbying began in Dublin yesterday, as the parties jockeyed for position in advance of the new Dail (Parliament). The Dail meets on March 9, with no party having an overall majority.

Labour's Parliamentary Party met at the start of what was expected to be a protracted wrangle over party tactics. Labour has 15 seats in the 166-seat Chamber and is not committed to rejoining the outgoing coalition Government in the absence of an overall majority.

The party cleared its first hurdle when it unanimously re-elected Mr Michael O'Leary as its leader and Mr Barry Desmond as the deputy. Mr O'Leary is understood to be committed at least to supporting Dr FitzGerald for the premiership.

The left-wing Sinn Fein/Workers' Party (SFWP) also met and decided to seek a meeting with Labour to discuss the possibility of a left-wing alliance in the new Parliament. SFWP increased its representation from 1 to 3 seats and two of the three Independents are also in the Socialist camp.

This raises the possibility of a block of 20 Left-wing members who would hold the balance of power and wield considerable influence, both on the election of a Prime Minister and on future government policy.

The early impression was that Labour would be reluctant to enter such an arrangement—it has made no official response to previous SFWP overtures along these lines. Nevertheless, the debate within the Labour Party could go to a special delegate conference, which might be more amenable to the idea of an alliance.

One of SKWP's new members said he could foresee elements in Dr Garret FitzGerald's Fine Gael uniting with Mr Charles Haughey's Fianna Fail to combat a sustained challenge from the Left. SFWP would welcome such a development as a move towards class-based politics in the Republic and away from historically based divisions.

# Trial evidence on Spanish king proves contradictory

BY ROBERT GRAHAM IN MADRID

EFFORTS to justify last year's attempted military coup in Spain by alleging the King's support have not been backed by any hard evidence in the first three days of a court martial here.

The trial opened last Friday of the 32 officers and one civilian on charges of rebellion. The defence's main strategy has been to maintain that King Juan Carlos either knew or approved what was going on. However, this strategy has produced serious contradictions in the evidence read from written statements taken from the accused while in detention.

Yesterday, Gen. Luis Torres Rojas, one of the three generals on trial and former commander of the crack Brunete Division that guards Madrid, said he believed the King was backing the action.

So far all the principal accused have either denied involvement or have sought to pin the blame on others, often through invoking hearsay evidence or telephone conversations.

Most of the key figures in attempt have said that the King had expressed his backing through Gen Alfonso Armada, former head of the royal household and at the time deputy head of the joint chiefs of staff.

Gen Armada, for whom the prosecution has demanded 30 years imprisonment, has persistently denied that the King backed or knew about the coup. He has also denied that he had any direct connection with the plan to seize Parliament and establish a military backed government. A statement in similar vein was made yesterday by Major Jose Luis Cortina, an intelligence officer

# Moscow emphasises Jaruzelski party role

By David Satter in Moscow

POLAND'S military leader, General Wojiech Jaruzelski, is likely to find when he arrives in Moscow next month that his hosts are holding firm to their view that the only legitimate ruler of Poland is the Communist party.

In its brief report on the visit, the Soviet news agency Tass identified Gen Jaruzelski not in its customary manner as head of the Polish armed forces but as party leader. Such a change can only be a sign that Moscow wants to emphasise what it sees as that leader's proper role.

The Soviet Press has carried regular reports on martial law in Poland, but has been reticent about spelling out the Soviet Union's position on the course of internal events there.

The line which has emerged indicates that the Kremlin approves of martial law as necessary to prepare for the Polish Communist Party to resume control.

Mr Nikolai Tikhonov, the Soviet Prime Minister, said martial law had saved Poland from "anarchy," but his endorsement did not come until two months after it had been imposed.

At previous top-level meetings in the course of the Polish labour crisis, Soviet leaders have urged Poland's Communists to crack down on the Solidarity union

Gen Jaruzelski may find himself confronted with demands to restore the party's "leading role" as quickly as possible, even if the military men who staged the takeover in Poland already regard that role as a thing of the past.

## French prices leap

French retail prices rose by 1 per cent last month, showing a sharp increase on the 0.6 per cent achieved in December, but roughly in line with Government expectations, writes Terry Dodsworth in Paris. The provisional figures reflect official views of an acceleration in prices over the first few months of the current year, compared with the comparatively low December performance—the smallest increase in 18 months.

FT writers assess European reaction to the Belgian and Danish devaluations

# Pressure on French franc likely to revive

BY DAVID HOUSEGO IN PARIS

THE IMMEDIATE response in Paris to the Belgium devaluation was that over the medium term it is likely to revive pressure on the French franc, which now emerges as one of the more vulnerabla currencies within the European monetary system. But in deciding against following the Belgians over the weekend, the French authorities are seen to have clearly signalled that a French franc devaluation is ruled out for some months.

Indicative of this new weakness, the French franc was marked down slightly at the fixing in Paris yesterday to FFr 2.5497 to the D-Mark against FFr 2.5420 on Friday. But the French authorities felt confident enough to continue the downward pressure on interest rates by lowering further the Bank of France's day-to-day money market rate to 14½ per cent.

If the French have anticipated a devaluation of the Belgian franc for some time, it comes none the less at an inopportune moment. The Government has maintained the dowward pressure on interest rates—the day-to-day rate has fallen sharply from an average of 15.25 per cent in January — to help encourage investment.

This decline has been possible because the French franc has remained close to its upper limit within the EMS since it was devalued itself on October 4 in the last realignment. This strength has reflected in part the pressure against the Belgian franc.

The Belgian devaluation leaves the French currency one of those most vulnerable because the French inflation rate of 14 per cent last year is above the European average and well above the 5.9 per cent achieved by West Germany. It is also likely to limit the French Government's room for manoeuvre in continuing to lower domestic interest rates.

The Ministry of Finance was emphasising yesterday that the French goal in the negotiations over the weekend had been to maintain a balance within the EMS and to avoid a "competitive devaluation" that would have risked exporting Belgium's unemployment problems to France and elsewhere.

In terms of immediate impact, France is Belgium's third largest supplier (FFr 25bn (£2.2bn) of exports in 1980) and her second largest market (FFr 26bn (£2.3bn) of imports in 1980).

But the real risk to France of a heftier Belgian devaluation that M Jacques Delors, the Finance Minister, resisted was that of increased Belgian competitiveness in third markets.

The two devaluations were also inopportune for France in that they risk robbing it of allies in support of the French bid to secure an increase in Community farm prices above the 9 per cent recommended by the European Commission. The devaluation could, of itself, secure an increase in agricultural prices for the Danish and the Belgians.

M Delors has secured from the Belgians a delay in the adjustment of their "green franc" until April 1—the date by which the new level of agricultural prices should have been fixed—and a promise that they will maintain the same negotiating position as before the devaluation.

Kevin Done adds from Frankfurt: The West German Finance Ministry yesterday welcomed the Belgian devaluation as a "reasonable and acceptable" compromise. Bonn was plainly worried about the initial demands from Brussels for a devaluation of the Belgian franc of as much as 12 per cent. At least publicly, the Finance Ministry was at pains to point out yesterday that the smaller devaluation showed the continuing ability of the EMS members to resolve tensions in the currency system.

The Bundesbank was also concerned that a bigger Belgian devaluation might undermine Brussels' ability to continue the fight against inflation.

It still fears that the other elements in the Belgian Government's package of economic measures will take effect too slowly, thus failing to offset the inflationary impact of the devaluation.

West German financial authorities were also anxious to avoid a more extreme "competitive devaluation," which would have undermined the relative currency stability achieved to date by the EMS. A devaluation of the order of 8.5 per cent is seen rather as a compensation for ground already lost.

Exports from West Germany to Belgium grew by 5.2 per cent last year to DM 28.9bn (£6.5bn), while imports from Belgium were virtually unchanged at DM 24.7bn (£5.6bn). The Federal Republic had a positive trade balance with Belgium of DM 4.2bn (£954m) compared with a positive balance of DM 3bn (£681m) in 1980.

Belgium accounts for around 7.3 per cent of West Germany's exports. Initial reaction from West German industry suggested that the devaluation was long overdue.

**Luxembourg, upset at the way Belgium devalued its franc over the weekend, said yesterday it will review the 1922 monetary union with its neighbour and renegotiate parts of the agreement that keeps the Belgian and Luxembourg francs at parity, AP reports from Brussels.**

**M Jacques Santer, Luxembourg's Finance Minister, said the 8.5 per cent devaluation of the Belgian franc was not discussed first with his government. This "raises questions about our monetary association. We will renegotiate certain parts of it."**

**The monetary union expires in March and is to be renewed for 10 years. The Belgian and Luxembourg currencies are at parity under this agreement and the devaluation of the Belgian franc means that the Luxembourg currency has also been devalued by 8.5 per cent.**

David Marsh adds: Sunday's devaluation is unlikely to have increased the British Government's appetite for joining Europe's three-year-old currency stabilisation scheme.

Sir Geoffrey Howe, the Chancellor of the Exchequer, chaired the Brussels finance ministers' meeting, making it the second successive EMS realignment session over which he has presided.

His experience at the weekend and at the last realignment meeting in October will have shown him that the EMS still has a long way to go before it reaches its declared aim — achieving greater economic convergence among member countries.

The British Treasury has always said that it favours EMS membership in principle but that the right time to join has not yet arrived.

Britain has been urged to join above all by West Germany. The Bundesbank feels that sterling's participation would add to the "hardness" of a scheme which has become less geared to West German-style stability policies. This has followed the desertion into the "soft" camp of first the French and now the Belgians.

Sir Geoffrey feels that the pound's petrocurrency status makes it fundamentally volatile and thus unsuited to a semi-fixed rate scheme.

On the other hand, Whitehall officials point out that Britain's inflation rate is now down to about the Continental average, which would be one of the preconditions for joining. But Britain is unlikely to take the plunge at least for a few more months.

Treasury officials have been slightly puzzled by the firmness of the pound against the D-Mark and other EEC currencies, in spite of the weakness of the oil price. One reason being advanced in Whitehall is that Mrs Margaret Thatcher's refusal to reflate the UK economy is earning the acclaim of currency markets which always vote for governments following tough anti-inflation policies.

After the latest Continental devaluations, the contrast between Britain's unbending approach and the "softer" economic policies of some of its EEC counterparts may become even more marked.

● PROFILE: CECIL DE STRYCKER

# Banker takes ironic final bow

BY DAVID MARSH

"I AM sure we shall meet again," murmured Mr Cecil de Strycker, governor of the Belgian national bank, as he shook hands with fellow central bankers after a farewell dinner in Basle's top-notch Hotel Euler a fortnight ago.

His forecast proved correct. The Belgian who retires at the end of this month, bad made his last official appearance at the monthly central banking get-togethers at the Basle-based Bank for International Settlements. But he saw many of his counterparts for one more time at Sunday's day-long Brussels meeting to decide the Belgian franc devaluation.

For M. de Strycker (67), with a career at the national bank stretching back to February 1945, Sunday's session represented an irony-tinged ending to 37 years in central banking.

The doughty Belgian bears the rare distinction among foreign central bank governors of having been born outside his own county—in Derby, no less. He has devoted most of his seven years in the governor's seat to devising ways of staving off devaluation during countless foreign exchange crises.

Indeed, Belgium has been without devaluations almost as long as Mr de Strycker has been at the bank. The last formal devaluation took place in 1949, although the franc has lost value on numerous occasions against other EEC currencies through revaluations of other members of the European Monetary System and its forerunner, the "snake."

Mr de Strycker, who has always declared that devaluation would simply lead to more inflation by increasing the cost of imports, has maintained his position to the last. He is making clear his view that Sunday's measure was a political decision by the Government, not by the central bank.

His successor, who takes over on March 1, is MJean Godeaux, president of the Belgium Banking Commission. He is regarded in Brussels as "more flexible and less monetarist" than M de Strycker.

Had it not been for the Belgian Government's delay in appointing a successor, M Godeaux would already be carrying out the job of administering the franc's new EMS exchange rates. M de Strycker was to have retired at the beginning of February, just before his 67th birthday—but was kept on for just one more thankless task.

# Egyptian MPs told return to Arab fold is inevitable

BY ANTHONY McDERMOTT IN CAIRO

EGYPT'S Foreign Minister, Mr Kamal Hassan Ali, yesterday raised fears that his country might halt talks with Israel on Palestinian autonomy once Israel's withdrawal from Sinai is complete in April.

The Foreign Minister told Parliament that Egypt's return to the Arab fold was "inevitable." He added, however, that this did not mean "that Egypt will change its policy concerning peace in the region." His remarks to Parliament coincided with the scheduled arrival in Cairo of the Israeli Foreign Minister, Mr Yitzhak Shamir.

In spite of its qualification, Mr Ali's statement will be seen in some quarters as implying that with Sinai back, Egypt will show no further interest in the peace process set in motion by the Camp David accords and the 1979 peace treaty with Israel.

Only last week, Mr Alexander Haig, the U.S. Secretary of State, was quoted in the Washington Post as having told his senior staff in private meetings that he feared Egypt would break off the process after Israel's withdrawal.

At the same time, there is increasing concern in Cairo that the Government of Mr Menahem Begin, because of tensions in south Lebanon and Syria, might be looking for some pretext to stall the final withdrawal from Sinai or might even seek to embarrass Mr Mubarak by a military attack.

It is evident that once the withdrawal has been completed, Israel's leverage on Egypt, particularly to stop it mending fences with the other Arab States, will be greatly reduced.

Apart from fixing the date for Mr Mubarak's first visit to Israel as Egypt's President, Mr Shamir's main task will be discussion of final arrangements for the Sinai withdrawal and normalisation of relations between the two countries. Simultaneously, Mr Richard Fairbanks, the third special U.S. presidential envoy to the Middle East, is pursuing talks on Palestinian autonomy in the West Bank and Gaza Strip with Egyptian officials.

Dr Ali said yesterday: "If now there are differences between Egypt and a number of Arab countries, they are differences between brothers which will inevitably disappear."

Egypt has been a virtual pariah in the Arab world since 1979. But Mr Mubarak has, through such gestures as halting propaganda attacks on other Arab States, been making restrained conciliatory gestures. Most observers believe that Egypt's return to the Arab fold is inevitable.

In a major policy statement last Saturday, Dr Fuad Mohieddin, the Prime Minister, clearly aiming at allaying U.S. and Israeli fears, told the People's Assembly that Egypt was committed to seeking a comprehensive and lasting peace in the area after Israel's withdrawal from Sinai.

# Koch likely to stand for Governor

By Our New York Staff

MAYOR ED KOCH of New York was expected last night formally to announce his candidacy for New York State Governor — a post he once said he would never run for.

*Mr Koch has* made no secret of his gubernatorial ambitions since Governor Hugh Carey, the Democrat incumbent, announced he would not run for re-election next November. A groundswell of support seems to be building up for the popular mayor.

Mr Koch, also a Democrat, was recently re-elected to his present job for a second term after he received the unprecedented backing of both the Republican and his own party.

The cocky, wise-cracking mayor was able to attract a huge following despite the severe cuts in services he made to bring the city's budget back into balance.

His first term saw New York tap the capital markets for the first time since it tottered on the edge of bankruptcy in the mid-1970s.

# Plan to protect U.S. 'wilderness'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR JAMES WATT, the U.S. Secretary of the Interior, has made a sharp change of direction in his approach to the country's officially designated "wilderness areas," which he has been accused by environmentalists of seeking to plunder for oil and mineral reserves.

Mr Watt said at the weekend that he would ask Congress this *week rapidly to enact a Bill* to forbid mining and drilling in wilderness areas until the end of the century. The only exception would be in case of "an urgent national need."

While a number of environmentalists welcome the surprise policy reversal, others are suspicious of that part of Mr Watt's plan which would set a deadline of 1987 on proposals to create new wilderness areas. The environmentalists are also concerned about what might happen after the year 2000.

Mr Watt said he would also propose a survey programme to find out exactly what oil, gas, minerals and other resources were contained in the country's 80m acres of wilderness. A further 20m acres have been proposed.

Mr Watt said his move was a change in approach but not in goals. "Our goal has always been to have the wilderness drilled or mined last."

His earlier, hotly contested proposal to extend the 1983 date for an end to mining and drilling in the wilderness had been intended to avoid a rush to drill and mine before the deadline, he said. The environmentalists, however, had been deeply suspicious of his plans.

Mr Watt said that in the event of urgent national need, the President should be allowed, with the approval of Congress, "to withdraw those few acres that might be needed."

An urgent national need might be created by an energy embargo or a national security requirement for such minerals as chrome and platinum, of which the chief suppliers were the Soviet Union and "South African states," Mr Watt said.

# Move to change Reagan leasing provision

BY OUR U.S. EDITOR IN WASHINGTON

SENATOR ROBERT DOLE, the influential chairman of the Senate finance committee, has launched a move to repeal or alter one of the more controversial provisions of the tax-cutting package that President Ronald Reagan steamrollered through Congress last year.

At issue is the section of the law allowing loss-making companies to sell their unused tax credits to profitable companies as a way of ensuring that the loss-makers, who pay no taxes, can also benefit from the Administration tax-cutting programme.

The particular provision that Senator Dole is aiming for allows companies to turn over nominal ownership of equipment to another company and then lease it back—the so-called leasing provision.

Mr Dole said he wanted changes in the provision to be retroactive to last weekend. "Corporations entering into leasing deals from now on do so at their own risk," he said.

As Mr Dole's move has the support of Mr Dan Rostenkowski, the Democratic chairman of the House Ways and Means Committee, some change in the law is considered likely.

The leasing provision, which was expected to reduce tax revenue by $2.7bn (£1.5bn) in the current fiscal year, has been criticised as a device to help big business at public expense. It ran into further trouble when profitable companies found a way to take advantage of it.

Mr Donald Regan, the Treasury Secretary, said he would strongly oppose repeal of the provision. But Mr Dole has not yet decided whether to go for repeal, or for modifications that would restrict the provision to loss-making companies.

# Israeli Cabinet approves tough draft budget

BY DAVID LENNON IN TEL AVIV

ISRAEL'S Cabinet has approved a tough draft budget for 1982-1983, which aims at curbing inflation through freezing local defence spending and cutting the allocations for education, welfare and subsidies for basic commodities.

Spending cuts in the Shl 475bn (£14.8bn) budget have been the subject of weeks of haggling between the Treasury and various Ministries. Last to hold out was the Minister of Education, who refused to accept a 7 per cent cut in his allocation. The Cabinet yesterday approved a compromise cut of 3 per cent.

Mr Yoram Aridor, Finance Minister, had warned Ministers that if his proposed budget was not accepted, there was real danger that last year's inflation rate of 103 per cent might be doubled. The 1982-83 budget is designed to reduce inflation to about 90 per cent.

According to officials, next year's budget will be down 3 per cent in real terms on the total budget for the current year. As in previous years, defence spending and debt servicing are the two largest items, each accounting for a third of expenditure.

# Third World liquidity down 15%

By Alan Friedman

TOTAL liquidity of more than 120 developing countries (not members of the Organisation of Petroleum Exporting Countries) deteriorated by 15 per cent in 1981, pushing foreign exchange reserves to less than 2½ months of imports. This low level was last reached in 1975, according to the latest issue of the AMEX Bank Review.

Whereas developing countries were able to restore their reserves of foreign exchange and special drawing rights after 1975, this may be less feasible in 1982 according to the report. The ability of less developed countries to rebuild reserves, through external borrowing may have diminished. Moreover the continuing recession in industrial countries suggests that it will be more difficult for less developed countries to "export their way out of trouble." In 1976 the world economy was on the road to recovery.

Total liquidity among non-Opec developing countries fell to $85.8bn last year from $100.8bn in 1980. When gold is subtracted from these reserves, it would provide 2.4 months of imports.

Total outstanding bank debt (including Opec developing countries) stands at $257.6bn according to the AMEX Review. Of this, $117.5bn of debt is scheduled to mature by June.

## Deng 'rumours' denied

China yesterday denied reports that Deng Xiaoping planned to retire as vice-chairman at a party congress expected this year, Reuter reports from Peking. "This is sheer rumour-mongering and it is utterly groundless," a Foreign Ministry spokesman said.

Mr Deng, 77, reappeared last week after a five-week absence from public view that had given rise to rumours about his health and political well-being.

## Japanese output

Japan's industrial production rose 3.1 per cent in 1981, a drop from the 1980 increase of 7.0 per cent, the Ministry of International Trade and Industry said yesterday, AP reports from Tokyo.

# Australian unions seek cost-of-living increase

BY PATRICIA NEWBY IN CANBERRA

THE FUTURE of wage fixing in Australia will be decided by the country's Arbitration Commission over the next few days.

The Australian Council of Trade Unions has applied to the commission for a 4.2 per cent wage rise for Australia's 6.6m workers to compensate for the rise in the consumer price index in the December quarter. The ACTU is also seeking a "catch-up" rise of A$25 (£14.8) a week for workers who have not had a pay rise since the country's centralised pay policy was abandoned last July. The commission is due to begin hearings into the claim today.

The Government and employer groups will argue against any rise, saying that a wages explosion has already boosted inflation and diminished Australia's international competitiveness. The Government will also oppose the unions' request for a return to a pay policy similar to that abandoned last year.

The unions want a pay policy which would grant automatic quarterly cost of living adjustments for all workers, but still leave room for collective bargaining over and above national pay rises.

# 'Fire' warning by Nkomo

MR JOSHUA NKOMO said yesterday that his dismissal from Zimbabwe's Cabinet by the Prime Minister, Mr Robert Mugabe was irresponsible and could "set off a fire in the country." AP reports from Bulawayo.

Mr Nkomo added that he had travelled to Bulawayo, the Administrative centre of his Matabeleland stronghold to cool things down. "I've told my people not to demonstrate because they could be shot

Mr Nkomo and several other members of his Zapu Party were dismissed from Zimbabwe's Cabinet last Wednesday.

Without explicitly stating there was a threat of civil war between his ex-Zapu guerrillas and former insurgents of Mr Mugabe's Zimbabwe African National Union, Mr Nkomo said: "If you spark it here they will be shooting each other in the camps. And no one could control it."

More than 300 people died in inter-party clashes a year ago.

# Belgium snubs Salvador polls

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

BELGIUM YESTERDAY joined most other major Nato members in refusing to send observers to the El Salvador elections due on March 28.

The move underlines the isolation of the U.S. from its Western allies over its policies in the Central American state.

The elections have become the key element of U.S. efforts to find a political solution to the country's problems. But despite a year's intense diplomatic pressure, the Reagan Administration has failed to win broad backing for the elections and for its policy of refusing to negotiate with the guerrillas who control about one-quarter of the country.

Britain is at present the only Western European country which has announced that it will send observers. The Foreign Office view is, in part, that the elections are important in themselves and, more importantly, that U.S.-European relations should not be strained over this issue.

However, Mr Anker Joergensen, the Danish Prime Minister, said recently that the Reagan Administration's policies on both El Salvador and Poland were undermining co-operation between Western Europe and the U.S.

Leading Salvadorean moderates such as Colonel Adolfo Arnoldo Majano, one of the initial leaders of the junta which seized power in October 1979, have described the elections as a farce, calling on other countries to boycott them.

The Organisation of American States is to send a three-man delegation to monitor the elections. As well as Britain, other countries following suit are Colombia, Costa Rica, Egypt and Uruguay.

Canada, Denmark, Greece, the Netherlands and West Germany have all refused requests to send observers. Italy is expected to do the same this week.

# Mexico offers mediation

BY OUR MEXICO CITY CORRESPONDENT

PRESIDENT José López Portillo of Mexico has offered his country's good offices as a mediator between Washington and the Governments of Cuba and Nicaragua. At the same time he has given a warning that U.S. military intervention in the region would be a "gigantic historical error."

The Mexican leader disclosed his move in a speech to a crowd of 50,000 which gathered to greet him on a visit to Managua, the Nicaraguan capital.

Mexico has rejected next month's planned poll in El Salvador as a means of halting the war there, and last August joined with France in a call for negotiations between the insurgent Left and the junta of President Jose Napoleon Duarte.

In Managua, President Lopez Portillo reiterated his call for a negotiated political settlement to end the El Salvador civil war.

The President also called on the U.S. to stop allowing Nicaraguan counter-revolutionaries to be trained in the Miami area. At the same time he urged Nicaragua's ruling Sandinistas to stop buying arms.

Sr Lopez Portillo said hideouts used by the former Somoza guardsmen in Honduras should be cleaned out. He proposed non-aggression pacts between Nicaragua and the U.S. and called on Cuba and Washington to review the dialogue

## William Chislett in Mexico City finds an uneasy calm after last week's peso devaluation

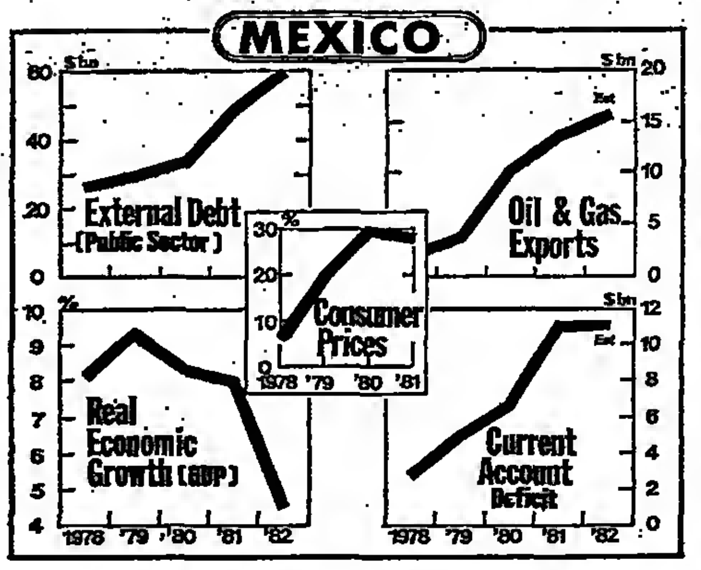
# Lopez Portillo plays for high economic stakes

MEXICO IS deceptively calm following last week's devaluation of the peso, carried out in an attempt to avert a major economic crisis. But it is the kind of uneasy calm which comes before a storm.

The only outward sign that something dramatic has happened is that Mexicans are stocking up their larders in preparation for a surge in prices. Many families spent last weekend bunting out imported consumer goods, like whisky and electrical appliances, to beat price rises. Some supermarkets have withdrawn imported items, and sales of cars and homes have been suspended until the peso stabilises.

There has been no panic-stricken run on the banks, as happened in 1976 when the peso was devalued by 40 per cent. On Monday banks continued to trade the peso in the 37-38 to the dollar range, a 30 per cent drop since the currency was floated. The country's inflation rate is expected to rise sharply, however — and it had already been estimated at about 30 per cent this year, after 28 per cent in 1981.

The devaluation has been in the offing since Mexico had to reduce sharply the price of its oil exports last June, losing $6bn (£3.2bn) in oil revenues as a result.




The price cut caused a loss of confidence and sparked off capital outflows. But the Government continued to live beyond its means and pushed up its external debt by $14bn over the year to $48.7bn at the end of 1981. Most of this debt was contracted after the oil price reductions.

President Jose Lopez Portillo repeatedly said last year that he would "defend the peso like a dog." He appealed to Mexicans to have faith in their country and not to take out their money.

Mexicans, therefore, realised that a devaluation was possible, which may explain the feeling of calm. Sr Lopez Portillo's defence collapsed last week when it became clear that the country's reserves, which totalled $10.3bn last August 31 (the last official figure) were rapidly dwindling.

Capital outflows are estimated at between $2bn and $3bn over the past two months alone. The Government was therefore forced into propping up its reserves and sustaining an artificially high exchange rate with expensive short-term borrowings.

The Mexican economy, which for the past four years has grown rapidly, assisted by oil revenues, is now going to have to make some very difficult adjustments—made more difficult by the fact that there is an election this year.

Under the Government's programme of political reform, the Left is challenging for the first time the Institutional Revolutionary Party (PRI), which has ruled Mexico for the past 52 years. The Communists have been quick to denounce the devaluation and will try to capitalise on any resulting discontent.

Whether the devaluation averts or brings on a major economic crisis depends on the *Government's success in enforcing* the additional austerity measures which it introduced last weekend. These ruled out an across-the-board emergency wage increase and proposed a 3 per cent cut in the Pesos 328bn (about $4.6bn) budget.

The stakes are higher than they were in 1976. The high growth since then has greatly raised expectations which will clearly have to be reduced.

This year, gross domestic product (GDP) is expected to grow by about 4.5 per cent, some 3 points less than 1981. This means that the 800,000 new jobs needed because of the rapid increase in population will not be created.

The economy went into recession in 1977 after the last devaluation without too much strain. It was cushioned by the advent of oil. But the present world oil glut means that Mexico, the fourth largest producer, cannot pump its way out of the crisis as it did five years ago by turning up the oil valves. The economy is already dependent on oil for 75 per cent of its exports and is structurally imbalanced and over-heated. For these reasons, the private sector will be cutting back on investment. Companies with high dollar debts are in a delicate position.

Public-sector expenditure will also have to be sharply pruned, probably by more than the 3 per cent announced so far, to cool the economy.

The Central Bank's annual report, due this Thursday, will probably announce that last year's public-sector deficit was a massive 13-15 per cent of GDP—nearly double the target. This year's goal is 8 per cent.

The Government will come under pressure from the private sector to ease price controls and from trade unions to grant higher wages. Businessmen and workers think in dollar terms since the Mexican economy is so closely tied to the U.S.

Trade union leaders have already begun to make noises in this direction. They may call, as they successfully did in 1976, for an extraordinary increase in the minimum wage.

A war against the trade unions and the private sector over wages and *prices would be* disastrous for Mexico. The Government's energies will be severely taxed over the next few weeks in preventing battle lines from being drawn up.

## Richard Cowper in Jakarta examines the implications of a diplomatic row with Moscow

# Soviet spies pose dilemma for Indonesia

IN THE last two weeks, a series of dramatic events, including an extraordinary brawl at Jakarta airport between Indonesian security officers and Soviet diplomats who were trying to spirit the alleged leader of a Soviet spy ring out of the country, has caused at least some top Indonesian Government officials to contemplate a major review of Indonesia's relations with the world's two leading Communist powers, the Soviet Union and China.

The discovery of a Soviet spy ring in Jakarta, the deportation of three Soviet citizens connected with the case, and a number of provocative Radio Moscow broadcasts in the last three months has plunged Indonesia's relations with Moscow to their lowest level for many years. Some officials are now beginning to wonder whether Indonesia should not take another look at the possibility of restoring diplomatic relations *with China to create* a more balanced approach to Peking and Moscow.

Some political observers argue that Indonesia's growing annoyance with Vietnam and the Soviet Union over their refusal to make any compromises on the presence of Kremlin-backed Vietnamese troops in Kampuchea, coupled with the wave of anti-Soviet feeling which followed the Soviet spy scandal, could prompt Indonesia to downgrade its relations with Moscow and open a long-shut door *to China*. In the event, however, it seems more likely that Indonesia's traditional fear of China as its most important long term enemy will re-assert itself and encourage Jakarta to improve its relations with Moscow again as soon as the aftermath of the Soviet spy scandal has died away.

The Indonesian Government is known to be contemplating a major reduction in the size of the Soviet Embassy in Jakarta. Under Indonesia's first President, Sukarno, Moscow was Indonesia's major arms supplier and a significant source of foreign aid. But since the staunchly anti-Communist General Suharto came to power, following an abortive coup in 1965, the Soviet Union has maintained few commercial interests or aid programmes in Indonesia. Nevertheless, it maintains one of the largest foreign embassies in Jakarta, with around 140 Soviet personnel, while Jakarta has just 25 people in its Moscow Embassy.

Professor Mochtar Kusumaatmadja, Indonesia's Foreign Minister, has made it clear, in private at least, that such a large embassy is not acceptable. Two weeks ago he told Parliament that "in order to reduce the numbers of a foreign embassy we must have sound reasons, and now we have some."

In fact, the Soviet Union may have already negotiated with Indonesia to do just that. Jakarta recently had high level talks with Moscow which resulted in the deportation of Mr Alexander Finenko, the local Aeroflot chief. A few days earlier, a senior Indonesian military officer had publicly stated that Mr Finenko would stand trial for spying. That Indonesia let him go may well have been the outcome of such an agreement with Moscow. The release of Mr Finenko, whom Indonesian security officers believe to have been the key man in the Soviet spy ring, would also appear to indicate that Indonesia is not about to undertake a significant shift in its policy of maintaining polite and "proper" relations with Moscow. There have also been no formal indications that Indonesia is now seriously contemplating a normalisation of relations with China.

Relations between Jakarta and Peking have been frozen since 1967, following Indonesian charges that China was heavily involved in the abortive coup attempt in 1965, which the Government believes was an attempt to propel Indonesia's Communist Party to power.

Indonesia has for a long time regarded China as a major long term threat and this fear has undoubtedly been strengthened by the powerful economic role played inside Indonesia by its local Chinese population, estimated at around 7m.

Nevertheless, some senior government and army officers are now arguing that, externally at least, the Soviet threat to Indonesia is as great as—if not greater than—the Chinese one. They point to the growing Soviet military and naval presence in Asia—in particular, to the rapid expansion of the Soviet navy in the Indian Ocean and Soviet influence in Indo-china.

The major domestic obstacle to normalisation of relations with China is no longer there, some military men say. Until 1980, almost 500,000 Chinese lived *in Indonesia as stateless* people. But they have now been granted citizenship. Indonesia has always said that a solution to the domestic stateless Chinese question was an essential pre-requisite to normalisation.

However, the five of six men, who together with President Suharto run Indonesia, remain to be persuaded on the Chinese issue. In the midst of the Soviet spy scandal, Dr Mochtar appeared to reflect the fact that perceptions of China have not undergone any significant change, when he said that the Kampuchean problem was clearly a "struggle between China and Vietnam," without mentioning the Soviet Union.

President Suharto: wants to avoid controversy

Datuk Musa Hitam, Malaysia's Deputy prime minister said recently, after talks with President Suharto and Security Ministers, that although both countries regarded Communism as the major external enemy, he felt *that Indonesia still believed* China posed the paramount danger.

Indonesia has a strong sense of its own importance as a regional power and the last thing it wants to do at a time of big power rivalry over Indochina is to be seen to take sides. Among the largely Moslem public, the issue of China and the Chinese is still an extremely emotional one and President Suharto would not want to provide fuel for controversy at a time when the country is about to elect a new parliament.

## Singapore expels two Russians

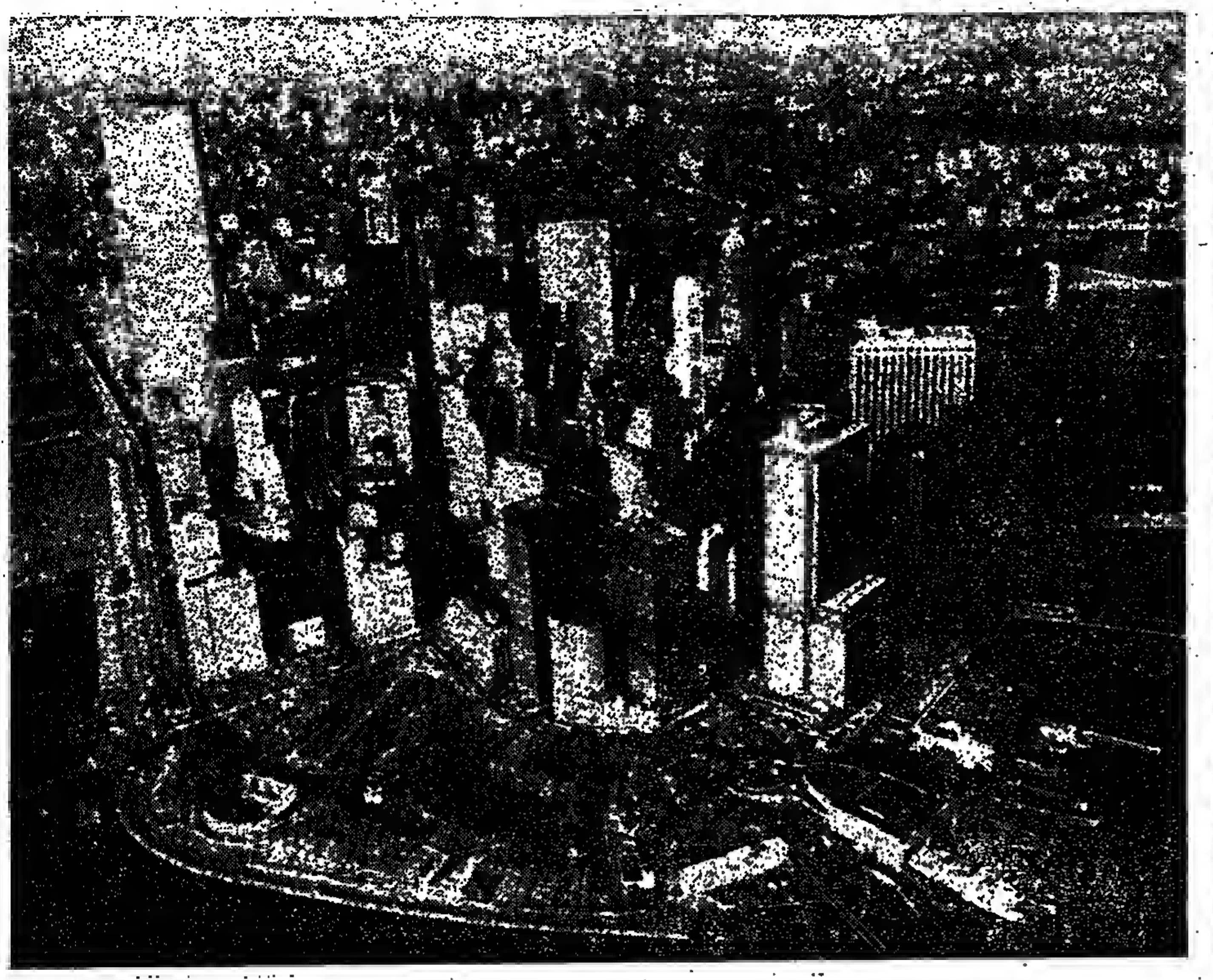
SINGAPORE has expelled *two Soviet nationals—a* diplomat and a marine engineer—after accusing them of spying, Kathryn Davies reports from Singapore.

According to the Ministry of Home Affairs, Mr Anatoly Larkin, a second secretary at the Soviet embassy, posed as a Swedish journalist and offered a member of the Singapore armed forces money for information. Mr Alexander Bondarev, a Soviet marine superintendent overseeing repairs of Soviet merchant ships at a Singapore shipyard, was said to have recruited a local businessman as part of an intelligence network.

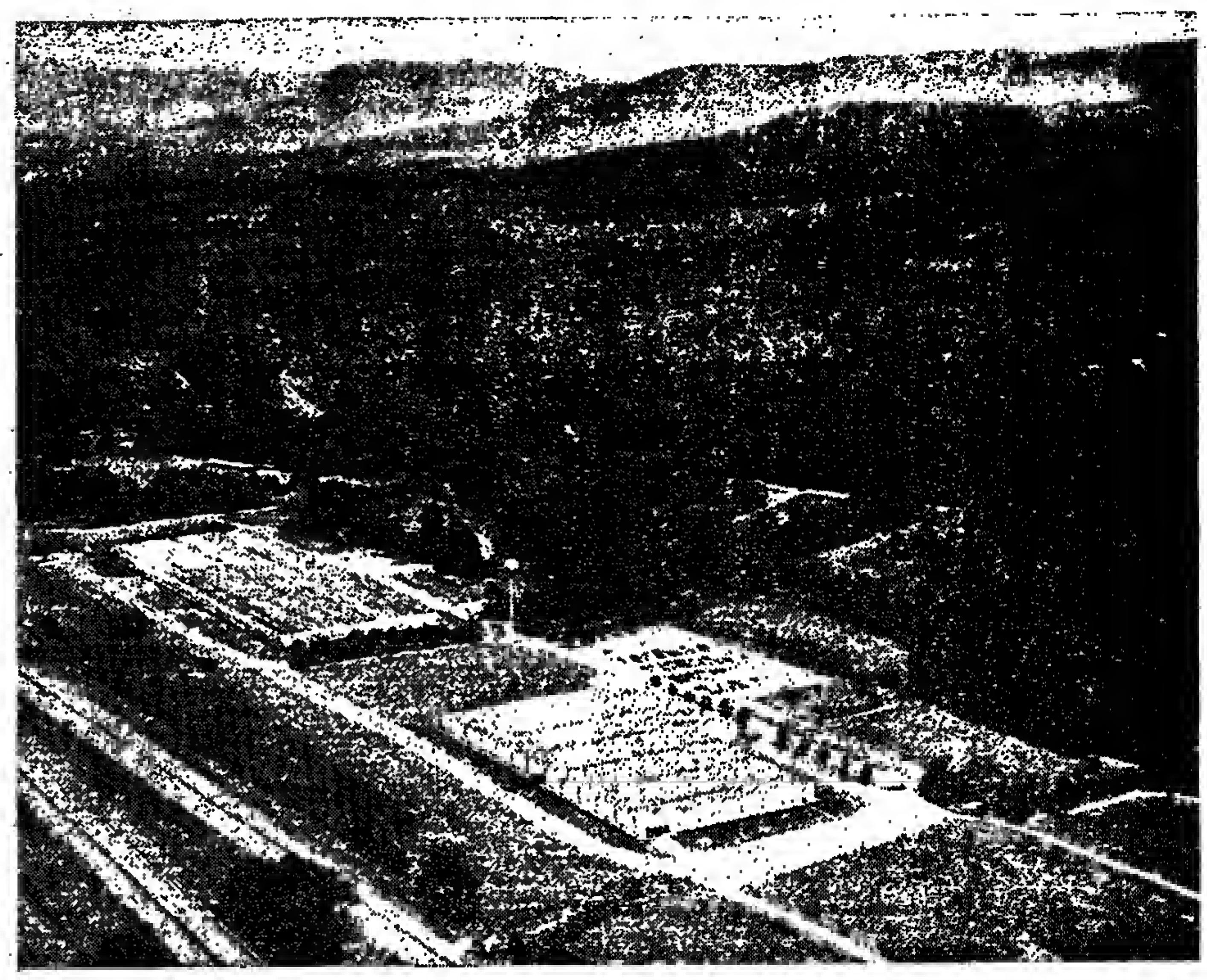
Singapore is the third member of the Association of South East Asian Nations (Asean) to have expelled Soviet personnel within a few months. Last July Malaysia expelled three Soviet embassy staff who were said to have received information from a former political secretary to the Prime Minister. Earlier this month Indonesia deported two Soviet diplomats and expelled the manager of the Soviet airline office in Jakarta after charging him with espionage.

The developments represent a setback for Soviet diplomacy in non-Communist South-east Asia, at a time when the Russians would like to see Asean moving towards acceptance of a pro-Vietnamese Government in Kampuchea.

# WHY 33,000 BUSINESSES ARE IN ONE NEW YORK OR THE OTHER.



*New York City*



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# EEC steps up imports pressure on Japan

BRUSSELS—European Economic Community governments agreed yesterday to keep pressing Japan to import more Common Market goods. To back up their campaign they ordered a study of the role of the yen in Japan's huge trade surplus.

A meeting of EEC Foreign Ministers discussed proposals for a tough new strategy on trade with Japan, possibly using legal action to get a better trade deal for the Community.

But EEC officials said the Ministers took no decisions on a possible arbitration case against Japan under international trade agreements, leaving this option for further study next month.

The Commission has proposed taking Japan to arbitration under Article 23 of the General Agreement on Tariffs and Trade (Gatt) on the grounds that by importing too little, it has failed to comply with its international trade obligations.

According to figures based on imports per head of population, Japan buys only as many manufactured products abroad as Turkey, even though its economy is one of the strongest in the world.

Diplomats said France, backed by several other countries, was not ready to lower national trade barriers to Japanese goods as long as there was no improvement in the EEC-Japan trade balance.

Japanese cars, colour TV sets and other goods have made major inroads in the markets of EEC countries, building up a trade surplus for Japan of more than $10bn (£5.5bn).

Belgium's Foreign Minister, Mr Leo Tindemans, the current President of the EEC Council of Ministers, is to visit Tokyo at the end of this month for discussions on trade problems and international political issues.

Reuter

# Thorn faces protests in NZ

AUCKLAND—M. Gaston Thorn, president of the European Economic Community Commission arrived in Auckland yesterday, at the start of a tour of New Zealand and Australia, where he is likely to face strong complaints about EEC protectionism.

Both countries have complained loudly that EEC import barriers have squeezed out some of their agricultural products from lucrative European markets.

Another bone of contention is EEC subsidies to European farmers. Australia and New Zealand say these lead to cheap European products being dumped on their home markets.

Both countries' relations with the EEC have been strained for many years because of the Community's agricultural policies. EEC import barriers have been at the root of this ever since Britain joined the Community in 1973.

The alleged dumping of cheap European goods has been particularly galling to Canberra and Wellington. They say the goods flood the very markets that the two countries have toiled to exploit since being denied access to the Community.

Despite this, EEC officials in Brussels say M. Thorn wants to capitalise on a more positive relationship which Australia and New Zealand have built up with the EEC in recent months.

Reuter

# Davy in Saudi oil services deal

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

DAVY McKEE, part of the Davy Corporation of London, has made a significant breakthrough into the Saudi Arabian oil industry by winning a contract to manage a major oil expansion project for Arabian American Oil Company (Aramco).

Under the terms of a contract announced yesterday, Davy McKee will provide the project management services for the expansion of on and offshore oil production at Zuluf Marjan on the north-east Gulf coast of Saudi Arabia.

The contract means that Davy McKee will act for Aramco, having an influence on the choice of contractors and supervising their work, both the manufacturing outside Saudi Arabia and the installation of the equipment.

Davy McKee is paid on a fee formula related to the number of people employed on the project and the nature of the work involved. About 500 Davy McKee personnel could be involved and the fees may mount to $100m (£55m).

The importance of the contract to Davy is worth more than the fees involved. It is the first time the company has won a contract of this size in this sector, and it is the first time Aramco has awarded a management contract to a company from outside the U.S.

Davy's competitors for the Aramco contract were Bechtel, Fluor, Kellogg, Lummus, Parsons and Foster Wheeler, all from the U.S.

The award of the contract enhances Davy McKee's competitive position in the oil and gas sector and is seen as a ticket for equipment packages in future contracts which may be managed by competitors for the Aramco project.

Negotiations for the contract were completed last year after six months of talks, during which Davy's operations were upset by the effects of a takeover bid from Enserch Corporation of the U.S.

Aramco's decision to handle its expansion through a management services contractor reflects a wider trend. There has been a movement away from letting "jumbo" project contracts on a turnkey basis, towards hiring a management contractor and parcelling the work out in smaller packages.

The splitting of a major contract into sections widens the net of the equipment companies which can compete for the business. Bonding requirements for major one-off contracts are frequently outside the scope of medium-sized groups.

# China plans to use more foreign capital

By Tony Walker in Peking

GU MU, THE Chinese vice-premier in charge of foreign investment, predicts an increased use of foreign funds in China's development this year.

Gu's remarks, published by Xinhua, the New China News Agency, correspond with recent statements by Chinese officials that Peking may this year start relaxing its conservative borrowing policy.

At a recent symposium in Shanghai, Ji Chongwei, an official of the Import-Export Commission, said that foreign capital was "urgently" needed to speed China's modernisation in many fields of industry.

In a recent interview, a senior official of the Bank of China said it was expected that Chinese enterprises would make greater use this year of buyer's credits negotiated over the past several years with ten or so countries.

According to Gu, there will be "fairly big increases this year in the use of foreign funds, the import of advanced technology and foreign trade."

Gu revealed that China had approved some 40 joint ventures, 26 of which had gone into operation, and another 500 agreements had been signed for compensation and leasing deals.

The vice-premier said China and the UN would jointly sponsor an investment promotion conference to be held in Canton in June at which a number of co-operative projects for foreign investors to choose from would be unveiled.

Ji told the Shanghai symposium that apart from the development of China's offshore oil reserves, other areas where foreign investment could play a crucial role was in the modernisation of coal mines and agriculture.

AP-DJ reports from Peking: China's 1981 trade deficit with the U.S. narrowed to $1.7bn (£944m) from $2.7bn a year earlier, according to U.S. Commerce Department figures, the Asian Wall Street Journal reports.

Exports to the U.S. rose 79 per cent from the previous year to $1.9bn. Imports fell 22 per cent to $3.61bn. Total trade with the U.S. at $5.5bn, was down 14 per cent.

Frank Gray tells of a switch from technology to DIY shelving

# Success from a simple product

A SMALL British company with a chequered history of high technology work is now finding life-saving export success in a simple product line found in most houses, shops and factories.

The company is Savage Industries, long-known as a manufacturer of aircraft navigational equipment. But in recent years, it has abandoned such work and has shifted its resources into the full-scale manufacture of adjustable shelving.

The shelving, produced under the corporate name of Spur Systems International, and a small number of associated products, last year accounted for a turnover of £3.6m, nearly 37 per cent of which came from Continental sales.

The company's success is somewhat fortuitous. For many years, Spur adjustable shelving was manufactured only as a secondary item to subsidise development of high technology equipment.

But as Mr David Brown, the company's recently-appointed chief executive, said, the general jobbing of components for the engineering business became impractical; Savage Industries put its efforts into reorganising itself around its shelf-making Spur unit, bringing to an end nearly five decades' work in the engineering field.

A private company under the chairmanship of Mr Nicholas Savage, son of the founder, the company is based at Watford, where it has a factory and administrative staff of 97.

The number of employees is 25 per cent fewer than 14 months ago, and this is a direct result of the reorganisation begun in 1979-80 with a £600,000 re-equipment and modernisation of the production plant.

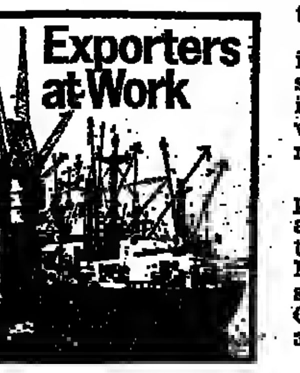
The setting-up of a new management team under Mr Savage began in 1980. This has recently been rounded off with the appointment of Mr Brown as chief executive, and Mr F. R. Holloway as marketing director.

Because Spur shelving is basically a weighty steel product that is price-sensitive and costly to ship, the company thinks of direct exports largely in terms of those EEC countries closest to the UK, such as the Netherlands, and Belgium where Spur has been active for many years, and Germany and France, both of which are newer markets.

There have been a few one-off deals with retail concerns in Switzerland, Austria and even Hong Kong, but these farther-flung markets are thought best served through local manufacture of Spur products under licence. The company is seeking such opportunities in the longer term.

The success of Spur's product on the Continent has come at a time of widespread modernisation of the retail trade and the boom in the do-it-yourself (DIY) market.

Although adjustable shelving is nothing new, the company




feels its own double-hook brackets and rails, probably the most durable in the trade, will enable it to increase its sales.

Mr Brown pointed out that the Dutch market most closely resembles the UK, with 75 per cent of Spur's sales going to supply shelving to the retail trade and 25 per cent to the DIY consumer. The exact opposite is true in Belgium, often described as the most house-proud nation in Western Europe.

The company is aware of the dangers of over-centralisation of supply, and over-concentration on a single product line.

It has recently set up subsidiaries in the Netherlands and Germany and, after considerable debate, decided to boost its sales efforts in France. Along with Germany, France is a potentially rich market, but its buyer groups are more tightly organised, making it tougher to enter in a big way.

The company has learned the importance of reliability of supply. It maintains warehouses in Europe and tops up its inventory from Watford once a month.

Equitable pricing is also important—this was not easy to achieve in the last year with the volatility of sterling, though Mr Brown says the current softer rate of exchange against Continental currencies is "just about right."

As a result of a recent Dntch acquisition, Spur is putting a strong marketing effort into Robox, a mult-purpose wall-storage system, largely for hanging any DIY handyman's tools. Spur unveiled Robox at last month's hardware exhibit in Utrecht and in recent weeks, at exhibitions in Cologne and Birmingham.

Other products now being sold by Spur are sorting trays often used in medical centres and workshops and marketed under the name Spur Kit, and Alu-Spur, a single-hook aluminium adjustable shelf bracket produced under licence for a U.S. company.

Mr Brown sees the UK market as steady, but predicts a rise in turnover to £4m this year, as a result of stronger Continental sales.

Sales volume, he hopes, will climb 10-20 per cent next year, on the assumption the recession has begun to ease and more discretionary spending money is in circulation.

# Pye TVT wins £10m Korea order

BY JASON CRISP

PYE TVT, a British subsidiary of Philips, the Dutch electricals giant, has won a contract worth £10.5m to supply the South Korean Broadcasting System with television transmitters.

The contract was won in competition with the Japanese, who up until now had supplied South Korea with most of its broadcasting equipment.

It is the largest order for transmitter equipment won by the company and exceeds the £8m contract it was awarded two years ago by the Independent Broadcasting Authority to supply transmitters for Britain's fourth channel.

The order was also sought by Thomson-CSF, the French electricals group and another U.S. company. Pye says it won the order through having a technical edge on the Japanese, strong support from the Export Credit Guarantee Department, and sheer persistence.

The 50 transmitters will be built in Cambridge. They are of varying powers and will be particularly used to improve service in rural areas. Pye says the contract is part of the build-up for the Pan Asian Games in 1986 and the Olympic Games in 1988 for which South Korea is the host.

● Vosper Hovermarine has won a £3m order from Shell Easter Petroleum of Singapore to supply four 18-metre, HM-218 passenger surface vessels. The craft will be used to ferry Shell personnel between Singapore and its oil refinery on the nearby island of Bokum. The vessels will be built at Vosper's yard in Southampton.

● GEC Marconi Electronics has been awarded a £2m order to supply a range of television broadcast equipment to the Nigerian state of Ondo. Ondo plans to supplement the federal Nigerian TV authority with state-run broadcasting services.

● Farrer Wallwin International, a unit of Moss Engineering, has won a £1.3m order from Sangyong Construction of South Korea to supply a sewage and stormwater disposal system for the town of Unayzah, Saudi Arabia.

● Francis Shaw, the Manchester plastics and rubber machinery manufacturer, is to supply £1.3m of equipment to the Elka company of Zagreb, Yugoslavia.

# Colombia plant contract signed

BOGOTA—Creusot-Loire, the French engineering group, and a Spanish financial group headed by Sr Manuel Isidro Tejedor have signed a contract under which they will own 7.6 per cent and 24.9 per cent respectively of a paper pulp and newsprint plant to be built jointly with the Colombian government.

The contract, signed by representatives of the French and Spanish groups and Sr Julio Turbay Ayala, the Colombian president involves building a plant with an annual output of 75,000 tonnes of paper pulp and 87,000 tonnes of newsprint, to be completed within two years.

The plant will be built 400 miles south-east of Bogota. Initial share capital is Pesos 5bn (£46m).

*Reuter*



## COMPANY NOTICES

THE RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 93
ON SHARE WARRANTS TO BEARER

Pursuant to the notice published on 22nd December, 1981, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 4th March, 1982, is 1 Rand of 100 cents equals 55.223570p United Kingdom currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 220.8943p.

Holders of share warrants to bearer are informed that payment of dividend No. 93 will be made on or after 5th March 1982, upon surrender of Coupon No. 93 at the London Bearer Reception Office, 40 Holborn Viaduct, London EC1P 1AJ.

| | Amount Payable per share (U.K. currency) p |
|---|---|
| Equivalent in United Kingdom currency of dividend declared | 220.8945 |
| Less: South African Non-Resident Shareholders' Tax of 15% | 33.1341 |
| AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS | 187.7602 |
| Less: United Kingdom Income Tax at 15% on the gross dividend (see Notes 1 and 2 below) | 33.1341 |
| AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS | 154.6261 |

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any week-day (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED
London Secretaries
D. W. J. Phillips, Secretary

16th Floor,
99 Bishopsgate,
LONDON EC2M 3XE.
22nd February, 1982.

NOTES:
(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 220.8943p.
(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the dividend is allowable as a credit against the United Kingdom Tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the standard rate of 30% represents an allowance of credit at the rate of 15% in respect of South African Non-Resident Shareholders' Tax.

GOLD FIELDS GROUP
GOLD FIELDS OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)
DECLARATION OF SECOND INTERIM DIVIDEND (No. 68)—UNITED KINGDOM CURRENCY EQUIVALENT

In accordance with the Standard Conditions relating to the payment of Dividend No. 68 declared on 2nd February, 1982, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of exchange of R1.8142 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 22nd February, 1982 as advised by the Company's South African bankers.

The United Kingdom currency equivalent of Second Interim Dividend (No. 68) of 165 cents per share is therefore 90.94518p per share.

London Office:
49 Moorgate,
London EC2R 6BQ
United Kingdom Registrar:
Close Registrars Limited,
803 High Road, Leyton,
London E10 7AA
22nd February, 1982

By order of the board,
C. E. WENNER,
London Secretary.

BANQUE NATIONALE DE PARIS

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The rate of interest applicable for the six-month period beginning February 21, 1982, and set by the reference agent is 16 11/16 % annually.

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
45 Queens Road, Oldham,
Greater Manchester

ANNUAL GENERAL MEETING of the above Society will be held at the Registered Office on Thursday, 11th March 1982 at 11.45 a.m.

AGENDA
1. To receive the Report of the Committee of Management and the Accounts for the year ended 31st December 1981.
2. To elect a member to the Committee of Management. (Nominations must be sent in writing to the Registered Office to be received there at least two days before the date of the meeting.)
3. Amendment to Table RA6.

(Signed) D. R. REES, Secretary.

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NOTICE TO EDR HOLDERS

NOTICE IS HEREBY GIVEN informing EDR Holders of a free distribution of Ordinary Shares of Common Stock ("Shares") at the rate of one share per ten to holders on record January 31st, 1982. EDR's in denominations of 100 each representing the new shares will be available for collection against surrender of Coupon No. 1 with immediate effect at the offices of the Depositary:—

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8 Crosby Square,
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London.
23 February, 1982.

## ART GALLERIES

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NICOLA JACOBS GALLERY, 9, Cork Street, London, W1. Tel: 437 3868. PAUL ROSENBLOOM PAINTINGS. Running until 11 March.

WHITECHAPEL ART GALLERY, Whitechapel High St. 377 0107. Tube Aldgate East to 7 Mar. WHITECHAPEL OPEN EXHIBITION. Sun-Fri. 11-5.30, cl. Sat. Free.

## THEATRES

STRAND THEATRE. CC. 01-836 2660. 01-836 4143. NYREE DAWN PORTER, ROY DOTRICE in MURDER IN MIND. A thriller by Terence Feely. Evgs Mon-Fri. 8.0. Sats 5.0 and 8.0. Mats Thur 3.

TALK OF THE TOWN. CC 01-734 5051. For reservations—or on entry—London's greatest night out. From 8 pm. 3 HOURS OF TOP ENTERTAINMENT. THE TALK OF THE TOWN GALA GALAXY REVUE (9.30 pm) MATT MONRO (11 pm). Dinner, Dancing, 3 bands.

VAUDEVILLE. CC. 01-836 9988. Evgs 8. Wed mat. 2.45. Sat 5 & 8. GORDON JACKSON in AGATHA CHRISTIE'S CARDS ON THE TABLE.

VICTORIA PALACE THEATRE. Opens March 11 — Limited season. Previews March 5-10. ELIZABETH TAYLOR in THE LITTLE FOXES by LILIAN HELLMAN. Advance box office open 01-834 1317-8. 01-828 4735-6. Credit cards accepted. Group sales 379 6061.

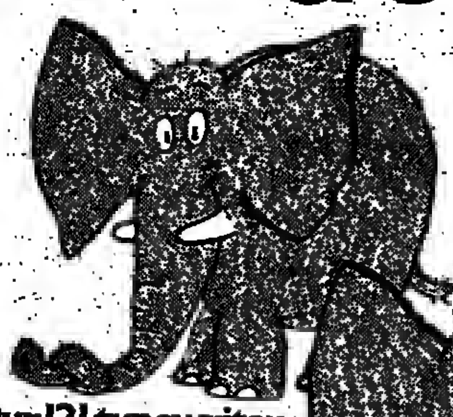
WAREHOUSE Donmar Theatre. Earlham St. Covent Gdn. Box office 836 6808. ROYAL SHAKESPEARE COMPANY GOOD by C. P. Taylor ton't 7.30 pm. Next perf THE MAID'S TRAGEDY 24 Feb.

WESTMINSTER THEATRE. 834 0283. March 2-27. Mon-Sat. Daily 2.15. Seats £3.50, £2.50. J. B. PRIESTLEY'S Mystery Thriller AN INSPECTOR CALLS.

WHITEHALL. Box off. tel. 01-930 0976. 01-930 8012-7765. CC 01-930 6693-6694. Group sales tel. 01-379 6061. Whitehall's latest farce ANYONE FOR DENIS? by John WELLS. Directed by DICK CLEMENT. MON-SAT EVES 8.15 pm. MAT SAT 5.00 pm.

## APPOINTMENTS

# Whether you need a typewriter or a word processor depends on how much you want to remember.



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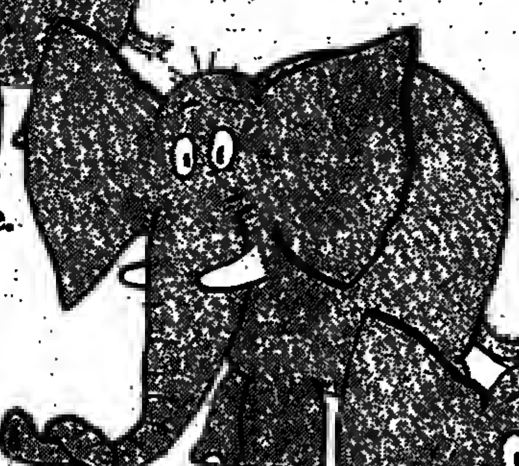

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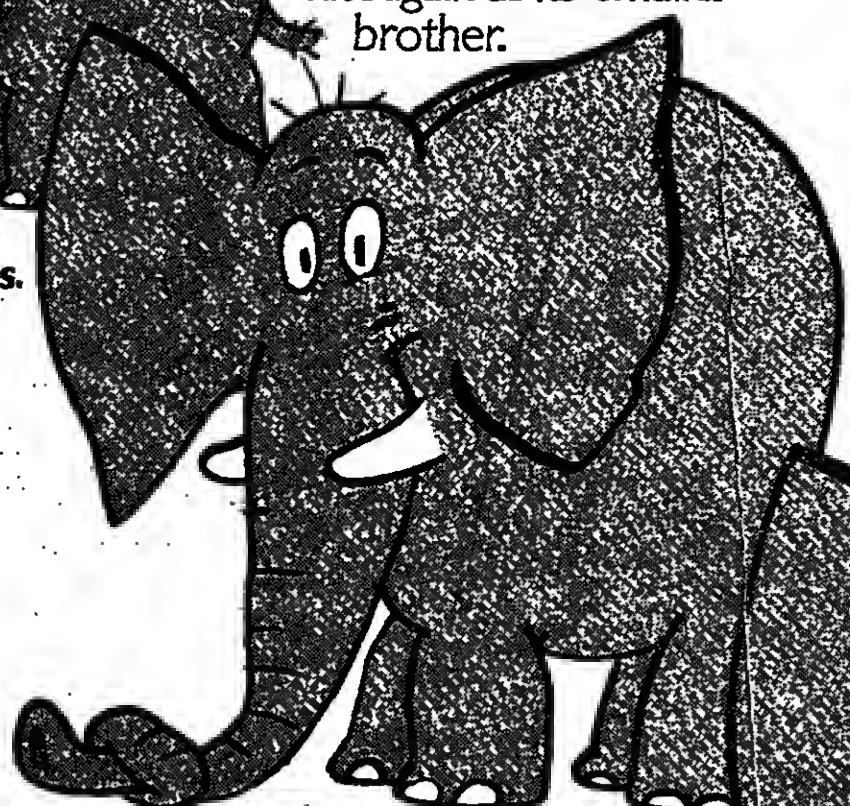
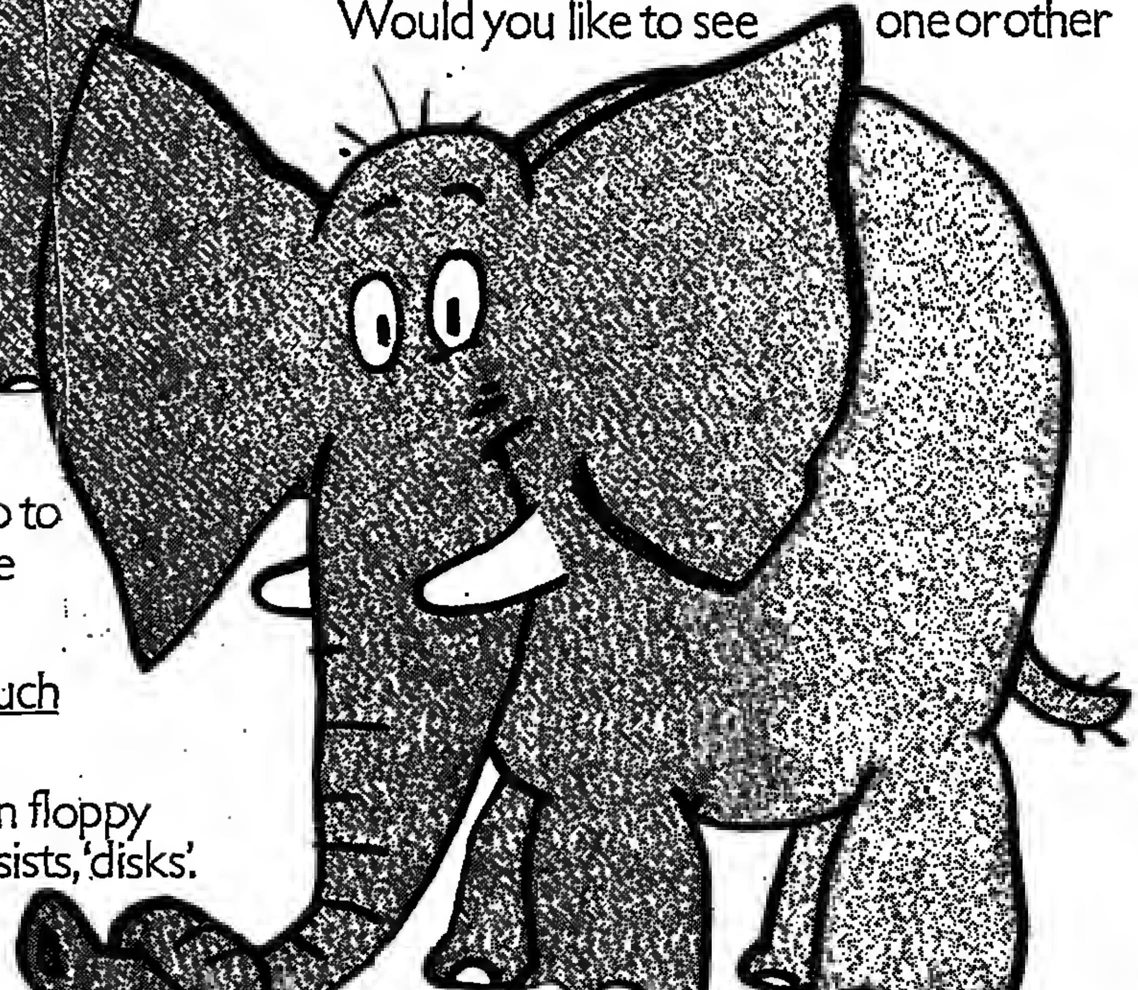
Our 231 typewriter can remember 7 pages.



Our new 351 word processor can remember 64 pages.



While our ETS1010 word processor can remember 130 pages.

It might help you choose if you stop thinking of typewriters and word processors as different animals.

Instead, try seeing them as different sizes of the same animal. With different sizes of memories.

So that some, for example, can store a short phrase like 'yours sincerely.'

While others can memorise the complete works of Shakespeare.

Let's start with a guided tour of our basic model, the Olivetti 121, and work up.

The smallest memory.

The first thing you'll notice is how quiet it is. Like someone typing in a cupboard.

When you take the lid off you'll have another surprise.

It seems empty.

Instead of levers, swivel joints, and springs there are microchips and sensors.

And instead of handfuls of clattery keys there's a 'daisy wheel' with all the letters on little stalks.

Whereas the old electric golfballs have about 2500 moving parts, our electronic typewriters have just 100.

This new technology gives you features unknown to the old.

It can centre headings automatically, for instance.

But of course, it's the first vestiges of memory that fascinate most people.

The 121 can store a line of type.

It can't print it back for you, but it can correct any or all of the characters you instruct it to.

It's bigger brother is called the 221.

The growing memory.

It can memorise two lines or 100 words.

What's more, it'll show them to you on a visual display panel before it prints them.

So if they're not the pure gems you intended you can cut and polish them.

With equal precision it will justify a line to the right hand margin, to give a neat edge like a book's, not a ragged one like a letter's.

It will also recall standard phrases on demand: your title, for example.

Your secretary just presses a key and it'll print it perfectly, as many times as she wants.

The start of something big.

These features alone are worth the extra money (and if it's any interest to you, the 221 is seen as the 'hot' machine inside Olivetti).

But if you want a typewriter that can store even more inside you have only to look at our 231. It can remember seven pages. And print half as fast again as its smaller brother.

After this, you make the big step to our first machine with a memory store outside, our 351.

The floppy disk that holds as much as a filing cabinet.

The 351 stores its information on floppy discs, or, as the computer generation insists, 'disks'.

However you spell it, it's a great concept. Each disk can store 64 pages of information, and you can use as many disks as you need.

Thus you can hold all your letters and documents in negligible space, and call them back at will.

The machine will type them for you at over 250 words a minute, with different names and addresses on standard letters, so that each seems individually written.

Even this Leslie Welch of a machine, however, is surpassed by something better, the ETS1010.

Our Jumbo-sized memory.

We designed this, our most accomplished word processor, round our electronic typewriters (the 121 and 221, see above).

Machines your secretary will already know and feel at home with.

If you like, you can buy the typewriter part first and add the word processing part later.

This consists of a memory store with a screen called a VDU (visual display unit) which you can see in our photograph.

It will show you pages of type exactly as they'll appear.

You can add or take away single words or entire paragraphs and the machine will compensate, re-space and print the new version, holding the original until you wipe it.

Altogether it can store nearly 200 pages and form the cornerstone of an automated office.

The cost of memories.

Storage space costs money whether it's in a warehouse, a typewriter or a word processor, and the more you pay, the more you get.

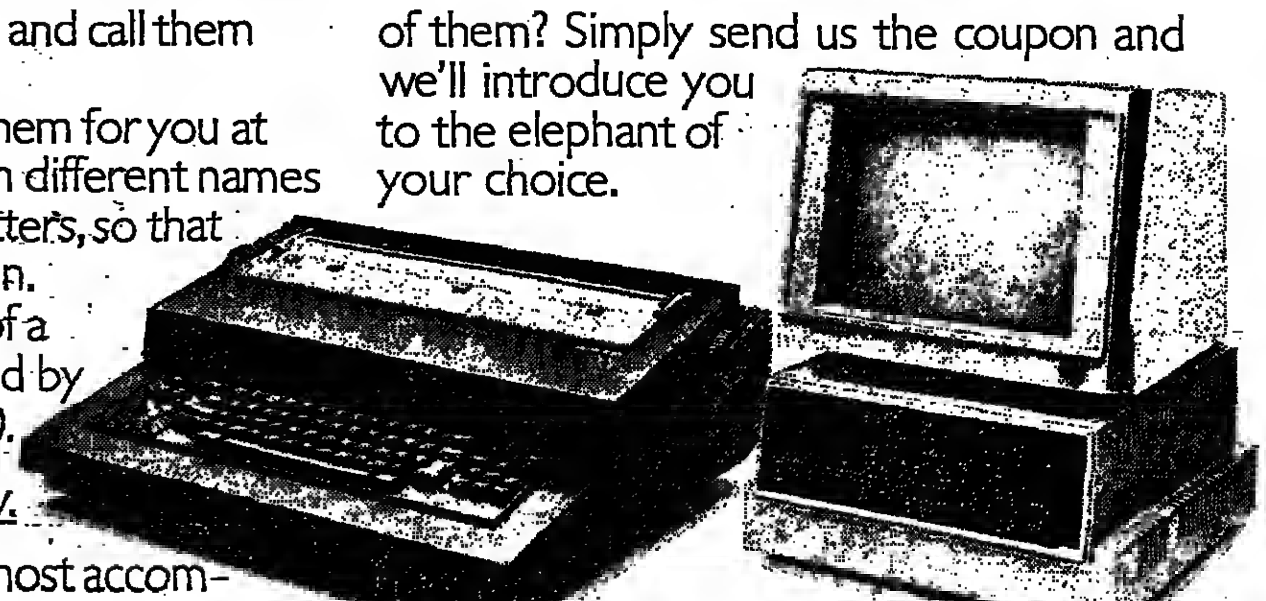
For example, you can lease our 121 for as little as £5 a week.

The 221 for £7.50 a week.

The 231 for £10 a week.

Whereas the 351 with the outside memory store will set you back around £15 a week. And the ETS 1010 under £30 a week.

Would you like to see one or other of them? Simply send us the coupon and we'll introduce you to the elephant of your choice.



Please send me details of the:

ET121 ☐ ET221 ☐ ET231 ☐ ET351 ☐ ETS1010 ☐

Name ______ Position ______

Company ______

Address ______

FT3

Tel: ______

Send to Valerie Belfer, British Olivetti Limited, 86-88 Upper Richmond Road, Putney, London SW15 2UR. Telephone 01-785 6666.

olivetti
Word processing

# Litigation shortened in battle for ACC

By Raymond Hughes, Law Courts Correspondent

ARRANGEMENTS were agreed in the Court of Appeal yesterday to shorten the litigation provoked by the bitter takeover battle for Associated Communications Corporation.

It was agreed that the decision of the Appeal judges on the claim by the Heron Group—one of the two bidders for ACC—for temporary orders preventing ACC directors transferring heir shares to Mr Robert Holmes à Court, would be a final order, avoiding the need for a full trial later.

Birmingham Post and Mail, one of the ACC non-voting shareholders backing Heron, also offered to abandon the petition under section 75 of the Companies Act that it launched last week.

It did so, said Mr Robin Potts, counsel fo rthe Heron faction on the basia that the Appeal Court would rule on the validity of the arrangements made by Mr Holmes à Court and the directors, which was one of the main planks on the petition.

Mr Potts said that Heron was proposing that course in an attempt to achieve rapid finality in the litigation.

The directors and Mr Holmes à Court agreed to the proposal. Mr Richard Sykes, QC, for the directors, said that, in agreeing, they were sacrificing the important right they would have had at a full trial to explain fully their reasons for entering into agreements with Mr Holmes à Court.

They were prepared to make that sacrifice on the understanding that Heron would make no allegations of bad faith against them.

Mr Potts said no such allegation was made.

He said that Heron was prepared to undertake to guarantee ACC's bank borrowings, and suggested that Mr Holmes à Court should make a similar commitment. Heron also thought it should be able to monitor the continuing position of ACC.

Mr Potts said that Heron's concern in taking court action was simply to ensure that there was "an open field" for bidders.

In his final submissions for the ACC directors, Mr Sykes said that at the beginning of January there had been crisis in the air at ACC, and financial and management problems.

Then along had come Mr Holmes à Court offering a solution to all the company's problems, and providing a management team and financial support.

If the story had stopped there everyone would, no doubt, have said that the ACC directors had acted very sensibly.

The hearing continues today.

# NFC buy-out goes through

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE BIGGEST buy-out of an industrial company in Britain was completed successfully yesterday when the Government denationalised the state-owned National Freight Company. It was sold to a consortium of managers, ataff and pensioners for £53.5m.

It was a day of triumph and trepidation for Mr Peter Thompson the deputy chairman and chief executive of NFC and the architect of the plan for the staff and pensioners to own and control their own company.

He joked about being "nailed to the spot" by his ties with the Government as leader of a oationalised industry. Minutes later he banded a mock bankers' draft for £53.5m to Mr David Howell, the Transport Secretary in a ceremony at the company's north London Fashionflow clothes distribution depot.

His pleasure was obvious but he talked of the frightening prospect of having a large number of worker-shareholders sitting in judgment on the performance of the board of the new National Freight Consortium.

The consortium of managers, staff and pensioners was formed last month to buy out the National Freight Company from ots aole shareholder, the Government.

It was a bold venture. No buy-out on the scale proposed by Mr Thompson bad ever been attempted in Britain before. Some 26,000 NFC staff, managers and 17,500 company pensioners were invited to buy at least 4.125m £1 shares to give them a substantial controlling interest with 82.5 per cent of the equity.

A consortium of banks, led by Barclays Merchant Bank, bought the balance of 17.5 per cent of the equity and in addition put up £51m in loans.

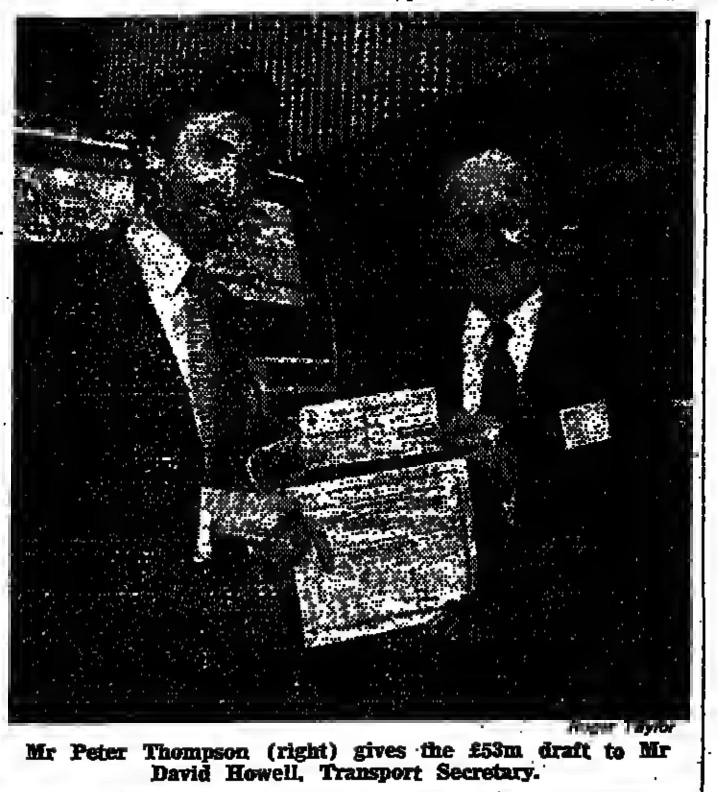
The formula for giving the managers, staff and pensioners the major part of the equity in the National Freight Consortium for a relatively small sum in comparison to the total purchase price of the company, was made possible under the terms of sections 40 to 42 of the 1981 Companies Act.

These sections effectively encourage management and staff buy-outs by making it possible for the company to provide financial assistance to staff to buy shares in their own company.

A loan fund was set up by NFC with the aid of the bank syndicate to give staff the chance to take interest-free loans of up to £200 for a year to buy shares. The response was greater than expected and the offer for the sale of 6,187,500 "A" shares to the staff, managers and pensioners was heavily over-subscribed. In the event, 10,233 applications were received for 7,041,127 shares.

Sir Robert Lawrence, chairman of the consortium, described as this "great, historic day." Mr Howell said it was a "milestone" in the development of the property-owning democracy in this country." He said the success of the consortium'a bid to take control of the NFC reflected the confidence of the managers that the company could compete successfully in the private sector," no longer dependent in any way on the taxpayer."

The idea for the buy-out came in part because of the depressed state of the haulage industry and the lack of potential buyers for the NFC.



Roger Taylor

Mr Peter Thompson (right) gives the £53m draft to Mr David Howell, Transport Secretary.

# Jail threat averted in warship hearing

By Raymond Hughes, Law Courts Correspondent

THE THREAT of being jailed for contempt of court has been lifted from a director of British Shipbuilders and two other men involved in a High Court dispute over a controversial warship design.

The court was told yesterday that the three had complied with a court order to disclose documents relevant to the dispute, in which British Shipbuilders is alleged to have infringed the copyright in the design of the 50-metre Osprey offshore patrol vessel.

The boat's designers, Osprey and T.T. Boat Designs, had sought committal of Mr Reginald Daniel, of British Shipbuilders, Mr David Moor, superintendent of the Ship Model Experimental Tank at St Albans, and Mr William Richardson, a director of Vickers Shipbuilding and Engineering, for their failure to put the documents in evidence.

The application had been adjourned for a week to give the three time to consider the position.

When the case went to court last month, British Shipbuilders denied infringing Osprey's copyright in the hull design of the vessel. It admitted that it had constructed and tested two models of the vessel without the designers' consent, and destroyed or lost the test evidence.

# Reshuffle on Mitchell Cotts board

MITCHELL COTTS, the international trading and engineering contracting group, is undergoing a series of senior management changes.

Mr Thomas Kinsey, joint managing director of Delta Group, will become deputy chief executive of Mitchell Cotts. By mutual agreement, it was announced yesterday, Mr John Wren will be resigning as managing director "at a date still to be decided."

Mr Philip Dunkley, who has been executive chairman since 1978, will assume the title of chairman and chief executive. He said it was important that the chief executive should be closely identified with Mitchell Cotts' growing South African interests, an area in which Mr Wren had not been particularly involved.

Other boardroom changes are the appointment of Mr E. P. MacKenna, planning and finance, and Mr I. K. Soll, deputy chairman and chief executive of the South African subsidiary, as managing directors.

Mr Wren's compensation has "yet to be negotiated," Mr Dunkley said. He stressed the parting was amicable.

● Nimslo International, the three-dimensional camera group which is quoted on the London Unlisted Securities Market, has replaced Mr Steven Bostic as chief operating officer of its U.S. subsidiary, Nimslo Corporation, with Mr Corvin Cianci, a former vice president of Polarold.

Mr Bostic remains a director and a consultant to Dr Gerry Nims, the founder of the group

# Cyclical indicators point to upturn

BY MAX WILKINSON, ECONOMIC CORRESPONDENT

AN IMPROVING prospect for the economy generally suggested by the latest movement of the Government's cyclical indicators, which were suggesting towards the end of last year that the recovery was beginning to falter.

Indices for January, released yesterday by the Central Statistical Office, showed a resumption of the upward trend which began last spring.

There are four indices. Two are intended to predict changes in economic activity a year and six months ahead; the coincident indicator shows the present state of the economy; and the fourth index reflects turning points a year after they occur.

The coincident indicator faltered and then fell slightly in the last two months of last year after a steady rise from April. However, in January it resumed its rise.

This improvement has provided a welcome breath of optimism in Whitehall after recent evidence that manufacing output fell at the turn of the year after rising since the summer.

The Central Statistical Office said recent movements of the indicators provided further evidence that a turning point in the economic cycle occured near the second quarter of last year.

The rise in the coincident index last month was based on evidence of a further fall in the rate of de-stocking in raw materials, and while capacity utilisation was no better than last October, it has risen since the beginning of 1981. Although manufacturing output fell in November and December, it was broadly unchanged between the third and fourth quarters.

The longer leading index increased between October and January after a sharp decline

# BR aims to woo back lost custom

By Lynton McLain,

"GO-ANYWHERE" £3 tickets for holders of British Rail senior citizen railcards are to be offered by BR as part of its campaign to win back business lost to coach and air travel in the recent strikes.

The ticket will cover second-class travel almost anywhere in Britain and on almost any train, except on Fridays. Travellers eligible for the £3 tickets will be able to take up to four children for £1 each and a dog for £1.

Mr Bob Reid, chief executive of BR, said yesterday: "This is the first step in a campaign to stimulate rail travel and to restore passenger confidence following the dispute."

BR is studying what else can be done quickly to boost rail travel.

It hopes to improve the punctuality of its trains and their cleanliness, especially on Inter-City passenger trains, which lost £20m in revenue and 40 per cent of their passengers over the 17 days of strike action by train drivers.

On the Eastern Region, passengers travelling into London were banded letters promising a "good, reliable train service to restore the confidence of our passengers." The letters were signed by Mr Gordon Pettit, divisional manager at Liverpool Street Station, London.

Meanwhile, season ticket holders were being paid refunds of million of pounds for the days when no trains ran.

# Petrol without lead 'may raise price 15p a gallon'

BY SUE CAMERON

PETROL PRICES could rise by as much as 15p a gallon if UK oil companies were ordered to start producing unleaded, high-octane petrol, industry experts claimed last night.

Their claim followed publication of a report suggesting that the equivalent of 390,000 tonnes of oil a year could be saved if lead additives were left out of petrol.

The report, commissioned by Friends of the Earth, the environmental group, says it would be possible to obtain more mileage from unleaded, high octane petrol.

However, senior oil company executives es timated that it would cost the oil industry between £600m and £800m to modify British refineries to produce petrol that was both unleaded and high octane. They claimed such a move would not be practical.

Gases and heavy fuel oil, for which there was little demand, would be produced as by-products. It would also be difficult to make sufficient amounts of other oil products, such as jet engine fuel.

Lead is added to petrol to boost octane ratings and ensure the smooth running of car engines. But because lead poses a danger to health, there are already legal limits on the amount that can be added to petrol. The Government plans to reduce further the amount of lead allowed in petrol from 0.4 grams per litre of fuel to 0.15 grams by 1986.

The oil industry reckons it will have to spend some £200m modifying its refineries to meet this lower limit while maintaining octane ratings. It says, it could be far cheaper to make unleaded petrol.

Yet without extra refining, unleaded petrol would have an octane rating of only 92 against the octane rating of 97 for today's four-star fuel.

# De Lorean suppliers will get cash for new orders

BY JOHN GRIFFITHS

SUPPLIERS TO the De Lorean sports car company will receive cash for future deliveries but they will have to wait for money which is already owed to them. Some have not been paid for several months and may have to lay off workers or shut down.

Sir Kenneth Cork, who was appointed joint receiver of the state-backed Belfast company on Friday, made clear yesterday that he intends to use all available cash to keep the Belfast plant operating.

Yesterday he met union representatives of the 1,500 remaining employees and disclosed plans to reduce car output to the bare minimum of 40 a week for the immediate future.

Sir Kenneth said he remained convinced that the company had a future.

"The best thing we can do for creditors is keep the unit going . . . if I have to close the factory, which I don't think I'll have to, then they will get absolutely nothing."

De Lorean is understood to owe, about £31m to suppliers, the majority of which are in the UK.

Mr Adam Butler, the Northern Ireland Secretary of State, said in a Commons reply recently that up to 2,000 companies had been supplying parts or services of one form or another.

Only one company, however, is known to have suffered immediate job losses as a result of De Lorean's difficulties. CP Trim, also of Belfast, was set up to make interior trim for the car.

## University wins cuts reprieve

SALFORD University has been given an extra year to adjust to cuts of about 30 per cent in grant income and the number of full-time students from the UK and other EEC countries.

Of the 42 British universities, Salford was worst affected by the cuts—ordered last summer by the University Grants Committee. It has been given until 1985 to achieve the economies.

No other major concessions have been granted by the Committee, which has studied appeals from a dozen universities.

## Bid to rescue steeplechase

A PLAN to save the Grand National steeplechase was outlined yesterday by Mr Denis Howell, former Labour sports minister.

He said the 270-acre Aintree course in Liverpool would be taken into public ownership, reputedly at a cost of £3m. Mr Bill Davies, who owns the course, is seeking £8m for it.

## Machine tool jobs face axe

MORE THAN 20 per cent of the workforce at John Brown UK's machine tool division plant in Banner Lane, Coventry, face redundancy.

The company told union representatives yesterday it plans to shed 170 of a total of 780 jobs, with many of the cuts among staff and other non-production workers. It is expected they will take effect after the formal 90-day consultation period.

## Combex seeks redundancies

COMBEX is planning to make 84 workers redundant at its factory at Penorbreth factory at Peterborough. The company says it wants to cut the work-force by a third to cut overheads and streamline its operation.

# Henley plans home-study courses

BY ARNOLD KRANSDORFF

A SERIES of new home-study management courses is to be launched by Henley, the Management College, following the breakdown of negotiations with the Open University to co-sponsor a degree level management training programme.

The talks collapsed last month over disagreements about edncational objectives and difficulties over aligning different institutional practices.

The Open University is thought to have wanted a training programme tailored for supervisory levels while Henley sought a management-oriented course.

They could also not agree on the level of tutorial support.

Now, both educational bodies have decided to go their own way.

Henley is starting its "open" training programme early next year using an integrated package of texts, video and andio cassettes with limited tutorial back-up..

It is being specifically designed for bome and overseas managers too busy to attend full-time or part-time residential conrses. Each course will cost aboot £250.

The Open University, which does not have a management faculty, intends to start a management education course next year. It says it has no plans to collaborate with another educational body but "we are talking to other academics in other institutions."

It will use "appropriate outside academic belp where needed," but will restrict this to individuals rather than educational institutions.

Henley's home-study programme will consist of a number of foundation courses covering a range of management skills which may be taken independently or in series. The students will be free to proceed at their own pace.

So far, work on two courses has been completed. The first aims to help non-financial managers understand accounting and financial information and the second deals with the interpersonal skills of management.

Given that the majority of managers get little or no management training, Henley believes its "open" courses should fill a gap in the education market.

The courses are expected to attract overseas interest and appeal to the smaller businessman, although the limited tutorial back-up will be a drawback.

# Debts payment plan

PERSONAL PORTFOLIO SERVICES, the investment company which the Department of Trade seeks to wind-up "in the public interest" expects to pay its debts within the next four weeks, the High Court in London was told yesterday.

Mr Justice Slade adjourned the dapartment'a petition until March 22, after Mr Simon Mortimore, counsel for the company, said the directors did not in principle oppose the winding-up order sought. But because of their concern for the investors they had raised sufficient money to pay their known debts. Amongst other problems £500,000 of client's money had been lent to one of PPS's associates without security.

The Official Receiver, who was appointed provisional liquidator of the company in January, was to apply to a companies court registrar for leava to enter into an agreement with the directors to enable payment of the debts to be made.

The judge said he was prepared to grant the adjournment "since the Official Receiver is already in the saddle as provisional liquidator."

Mr Charles Aldous, counsel for the Trade Secretary, said the petition alleged unlicensed dealing in securities, serious defaults in filing accounts, and failure to keep proper books of account.

The company's registered office is at Greystones, Moorgate Road, Rotherham, Yorks.

# St Moritz sale indicates revival of jewels market

SALEROOM

BY ANTONY THORNCROFT

THE JEWELS market, in decline in the past year mainly because of the fall in demand for investment diamonds, showed signs of revival at St Moritz at the weekend. Sotheby's totalled £2,637,479 net, with art deco pieces, pearls and diamond jewellery doing particularly well.

A sapphire-and-diamond necklace sold for £142,852. A diamond ring with a stone weighing 10.24 carats, made by Van Cleef and Arpels, realised £125,714. A diamond bracelet with a pair of matching ear-pendants fatched £74,286.

The demand for books on cricket was well illustrated at Bruton Knowles of Gloucester, who sold 56 Wisdens dating to 1865 for £2,700. All-told a single collection realised more than £4,000. A signed copy of W. G. Grace's book Cricket went for £150.

UK NEWS

# Textile chief calls for economic policy change

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE GOVERNMENT should rethink some of its economic policies, particularly in relation to the textile industry, Mr Ian MacArthur, director of the British Textile Confederation, said in Bradford last night.

"I suggest that the continuing recession, the erosion of Britain's manufacturing base and the tragic level of unemployment will have to bring some modification to the Government's present economic policies, and thus in its attitude to our industry," he told the Bradford Textile Confederation.

Such rethinking was necessary, he said, because other Governments in the EEC had, as a matter of national policy, decided to invest heavily to retain their textile industries.

"In the face of this strengthening of our competitors the UK cannot stand aside.

"The time has arrived when the UK industry will have to consider pressing for similar support from the UK Government.

"Our natural inclination is not to ask for aid. But if our competitiveness is weakened by interventions elsewhere in the Community we will be forced to seek equivalent measures here to redress the balance."

The confederation, he said, was considering a number of measures that might be adopted and would be seeking comments on them from its members.

The importance of Mr MacArthur's remarks lie not merely in his role as a leading spokesman for the industry but also from the fact that for 15 years he was a Conservative MP, and a former Government whip.

Mr MacArthur warned that if Britain's textile industry contracted in future as it has done in the recent past, mill consumption of all fibres would fall to about 420,000 tonnes by 1990 compared with 790,000 tonnes in 1978—a fall of 47 per cent.

If that happened, the number of workers would go down to well under 400,000, half the number in 1978. Today's figure is 614,000.

If present trends continued unchanged, "the result would be totally unacceptable to the industry and to the national economy. The challenge is to take action that will change the trends and improve the industry's prospects."

The viability of the industry could be improved if the Government and the EEC were as determined in pursuing policies as they were in talking about them.

"There was an opportunity for the Government to demonstrate its robust posture on Thursday when the EEC Council of Ministers discusses its approach to the negotiation of bilateral trade agreements with the low-cost countries covered by the Multi-Fibre Arrangement."

Mr MacArthur said he was a "dedicated European." But in the textile field he was "disenchanted by the Commission's failure to suppress nationalistic practices that distort competition and increase cynicism about the possibility of ever fulfilling the Community ideal."

# Architects compete for £200m development

By Andrew Taylor

EIGHT FIRMS of architects have been shortlisted to proceed to the second stage of a Government-supported architectural competition for a multi-million pound commercial property development at the southern end of London's Vauxhall Bridge.

It has been estimated that a successful development on the 12-acre site could command an investment value of more than £200m. The land has been assembled on behalf of a Middle East consortium (led by Kuwaitis) by Arunbridge, the project management company headed by Mr Ronald Lyon.

Arunbridge said yesterday that 128 architectural firms had submitted designs for the competition which was announced by Mr Michael Heseltine, Environment Secretary, in November.

The short-listed firms are: deBlacam and Meagher; Terry Farrell Partnership; Frederick Gibberd and Partners; Nicholas Lacey and Associates; Michael Newberry; David Richmond; Sebire Allsopp and Hanpold; and Michael Twigg, Brown Associates.

The designs of the eight selected architects are due to be placed on public exhibition from April 14 to April 27. From these, a shortlist of three schemes will be chosen. The winner of the competition will be announced by May 11.

Mr Heseltine, is a strong advocate of architectural competitions, particularly for major development sites. He has said that if an acceptable design emerges for the Vauxhall site he will consider laying a special development order before Parliament. This would short circuit normal planning procedures.

The granting of a special development order for a specific scheme would mean that Arunbridge could proceed with development without having to gain the approval of the relevant local authorities. The scheme could also proceed without the need for a public inquiry.

The Vauxhall site has been the subject of a good deal of controversy. Part of the site is owned by European Ferries which has made several unsuccessful attempts to win approval for a major office development.

European Ferries has now granted Arunbridge a six-month option to buy its 3½-acre share of the Vauxhall site.

The winning architect of the competition — organised by Arunbridge and the Royal Institute of British Architects—stands to gain a £50,000 prize and up to £750,000 in fees.

# Promoting part-time directors

Jonathan Charkham would like to see independent voices on the board. **Arnold Kransdorff** reports

JONATHAN CHARKHAM has a tough job. He aims to change the shape of British boardrooms by encouraging companies to take on more non-executive directors.

He has been in his job just 10 days and already he has some good news and some bad news to report.

The good news is that he has had a flood of inquiries—150 in fact—from individuals wanting boardroom posts. The bad news is that there has been little interest from companies anxious to change the composition of their boards.

It is still early days, but Mr Charkham knows it is going to be difficult changing the traditional attitudes of British chairman who are used to the support of a hefty majority of full-time executive officers.

As director of a newly-formed bureau called Promotion of Non-Executive Directors (Pro Ned),* Mr Charkham is one of a growing number of voices advocating a shift towards the position in the U.S. where non-executive directors are in the majority on most main boards.

Non-executive directors are part-time officers who usually hold executive responsibilities elsewhere in industry. Mr Charkham believes British boards would benefit from having them because they offer a more independent voice, particularly when conflicts of interest arise, and provide a wider range of experience than may otherwise be available.

In the UK—as elsewhere in Europe—change has been slow for two main reasons.

First, chairmen generally feel that their power base is threatened by a large group of independent directors. And second, chairmen have been reluctant to allow their executive directors to take time off to sit on other boards.

It is these attitudes Mr Charkham hopes to change. He also plans to build up a directory of suitable candidates from which companies can choose their non-executive directors.

Mr Charkham, who is being financed to the tune of about £100,000 a year by a consortium of City and industrial institutions, has one further obstacle to overcome—the wrath of the Institute of Directors, which has terms of reference in this area similar to Pro-Ned's and which also operates a comparable non-executive appointments service in conjunction with Tyzacks, the management consultants.

In minutes of last week's launch of Pro Ned, Mr Walker Goldsmith, the director general of the institute accused it of undermining the role of the institute as the country's main body representing company directors.

But Mr Goldsmith also complains that the institute should not have been excluded from the consortium's list of sponsors given that the British Institute of Management—"a body primarily concerned with management matters" — was included.

He also claims he had been assured only a day before Pro Ned's launch that the new body's brief would be limited to an appointments service. It is Pro Ned's wider terms of reference, laid down by its backers, that Mr Goldsmith objects to.

Mr Charkham refuses to embroil himself in the controversy. He believes "nobody has an exclusive right on this subject. The job is so big that the more people in it the better."

Mr Jonathan Charkham

Mr Charkham brings to his new job a wealth of experience. He has spent 15 years in manufacturing industry and 13 years in Whitehall, the last six as director of the Public Appointments Unit, the Government's central advisory body which civil service departments use to make public appointments.

Lobbying aside, Mr Charkham's central task will be to develop an appointments service for companies looking for suitable non-executive directors. Unlike the Institute of Directors—Tyzack service, Pro Ned's services will be free, all costs being covered by the funds provided by the consortium.

The service will be based around a register of suitable candidates. Mr Charkham hopes to build up this "gilt edged list" from three sources—from individuals writing in to offer their services and recommendations from third parties and current employers.

It is the latter source that Mr Charkham sees as his prime target. "This is where I am going to concentrate," he says.

Mr Charkham stresses that the hallmark of the service will be quality. Individuals will usually be asked to complete a questionnaire and Pro Ned intends to take up references. He says he has been "impressed" by the quality of the individuals who have so far approached Pro Ned.

The service will also assess the needs of companies which approach Pro Ned for non-executive directors.

"We shall go into a great amount of detail to find out what they need," says Mr Charkham. "Then we will scrutinise our own register and give them a short list for interview. It is not our intention to influence their choice."

"Success," he says, "should not be judged in terms of numbers, rather on the extent of the general perception that boards will be strengthened by the addition of able, independent directors."

**Promotion of Non-Executive Directors (Pro Ned), 30, Cursitor Street, London EC4A 1DS (Tel: 01-242 2101).*

# 4% inflation predicted for 1984

BY MAX WILKINSON

THE GOVERNMENT could face the next election with inflation down to an annual rate of 4 per cent, a sharp pick-up in economic activity and a substantial reduction in unemployment says the latest forecast from Liverpool University economics department.

A group headed by Professor Patrick Minford, says in its forecast published yesterday that its expects national output to grow by 2½ per cent this year and then by about 4½ per cent a year for the next two years.

This forecast is much more optimistic than that of most other forecasting groups, which expect growth to be only 1 to 2 per cent this year and less than 3 per cent the year after.

The Liverpool group, which holds strongly monetarist ideas about how the economy works, is also much more optimistic than most others about the extent to which present policies will bring down inflation. It expects the inflation rate to fall this year, to an average of 7.6 per cent a year and a further drop to about 4 per cent a year in 1983 and 1984.

After staying about the same this year, it believes unemployment will fall to 2.1m (excluding school-leavers) by 1984.

The group says: "Inflation has levelled out at about 12 per cent year over year, but with wage settlements falling steadily, the pound strong, and commodity prices flat or falling, it is clearly set to resume its downward progress from the spring."

Internationally, the Liverpool group believes the broad outlook is for a slow recovery with slow declines in both real interest and inflation rates.

The group continues to argue for Government action to restrain the power of unions and for other measures which it believes will help reduce unemployment.

It also wants a reduction of income tax rates, financed, if necessary, by an increase in Value Added Tax, as happened in 1979. It says the once-for-all increase in prices which would result need not be inflationary in the long run.

# Smelter electricity package prepared

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE SCOTTISH OFFICE has prepared an electricity supply package which could be offered to potential buyers of the Invergordon aluminium smelter in the Highlands.

The Government has still to adopt the measures according to officials.

The smelter was closed down by British Aluminium last month with the loss of 890 jobs. A long-distance dispute over electricity charges and a declining market for aluminium were blamed for the shut-down.

But the devastating impact of the closure on the Highlands has led to increasing political pressure for the Government to find a way to reopen the smelter.

Locate in Scotland, the overseas industrial promotion arm of the Scottish Development Agency, and the Scottish Economic Planning Department have prepared a short list with two prospective buyers for the smelter.

The Scottish Office is understood to have prepared a revised electricity package which would offer a potential buyer a special electricity rate. But at the same time avoid claims for massive reductions in power tariffs from the rest of industry.

The package is thought to involve linking the smelting's special power rate with a "dedicated" power source by absorbing some of the costs in running a power station.

A dedicated power agreement is understood to have been worked out with a Scottish coal-fired power station, although some officials have been keen on a link between the smelter and hydroelectric stations close at hand.

The new arrangement would be similar to that at Lynemouth in Northumberland.

The main trade unions representing workers at Invergordon have issued a pamphlet claiming that the smelter was more profitable than British Aluminium admitted.

At the time of the closure it was said the smelter was losing £1m a month.

The unions say that in six of the last nine years the smelter made an operating profit.

# Busy housing market forecast in the spring

By William Cochrane

PROSPECTS FOR house sales indicate "a busy market in the spring but without more than a very modest rise in prices," according to a survey published today by the Royal Institution of Chartered Surveyors (RICS).

The RICS says there has been a marked increase in activity in the housing market since mid-January, yet this has not resulted in an appreciable change in prices. Most agents taking part in the survey report more inquiries from prospective buyers, more houses being offered for sale and more houses being sold since the improvement in the weather.

Although the downward trend in prices has been halted — about 18 per cent of agents now report lower prices, half the number in the December quarter — there are only modest signs as yet of an upward trend emerging.

# State enterprise 'could aid development in Ulster'

BY OUR BELFAST CORRESPONDENT

STATE enterprise could be used to restructure the Northern Ireland economy and fill the gap between the number of new jobs needed and the number likely to be created, according to a report published yesterday by the Northern Ireland Polytechnic.

The report questions the extent to which the existing industrial policy of attracting overseas investment and establishing small businesses can make a dent in the region's unemployment rate of almost 20 per cent.

The authors, Professor Desmond Rea and Mr Stephen Harvey, say they are surprised that state enterprise no longer forms a part of development policy.

They point out that in 1976 a review team under Dr George Quigley, then Permanent Secretary to the Northern Ireland Department of Commerce, recommended a larger role for state manufacturing projects in unemployment blackspots.

Their report argues that state enterprise could complement the present policy of identifying companies in pre-selected sectors and then seeking to attract them to the province.

If an "identified" company could not be persuaded to set up in Northern Ireland, it was reasonable for the state to acquire a licence for the company's product and establish the factory to manufacture it.

Such enterprises would be locally controlled and could be the "seed bed" for new entrepreneurs.

Public expenditure used in this way could create real, permanent jobs rather than jobs in work schemes which last only as long as they are supported by government.

# Cardiff's private bus company back on road

THE FIRST pilot bus operator in Britain to break a municipal bus monopoly, CK Coaches of Cardiff, was back on the road yesterday after having to suspend services for a week because of financial difficulties.

The resumption of slightly reduced services follows an injection of fresh financial backing into the company.

Management consultants are also being brought in to look at the company's bus operations, which began in April last year under the provisions of the 1980 Transport Act in competition with Cardiff City Council's bus services.

CK's financial difficulties first emerged last month, shortly after it was refused a licence to operate a rival service on one of Cardiff's most profitable council routes.

The Transport Commissioners accepted the council argument that competition on the route would not be in the public interest.

# Flood victims under-compensated

BY ROBIN REEVES, WELSH CORRESPONDENT

A HIGH proportion of households affected by Cardiff's 1979 floods did not receive adequate compensation from their insurance company, according to a survey just published by the Welsh Consumer Council.

The under-compensation resulted from flood victims taking offers of lump sums from insurance companies shortly after the disaster, and then not being aware they could claim for further damage when this became evident. Inadequate compensation also resulted from a lack of knowledge about how to make and negotiate a claim ,eg, getting builders estimates) and from ignorance about the appropriate level of insurance and the type of cover they ought to have.

The survey showed an alarming lack of understanding of how to insure, how to make a claim and what different types of insurance can offer, the Council said.

"There also appears to be a prevailing attitude that the insured should never be reimbursed for the loss and that payment of insurance was not something that you were entitled to, but an act of generosity by the insurance company in a time of crisis," it said.

One respondent stated that she was perfectly happy with a settlement of £50 even though her ground floor had been flooded to a depth of 4 ft, the survey noted.

Over half the owner-occupiers in the survey—a 5 per cent random sample of the 3,162 households flooded in Cardiff in December 1979 — said their claim had not been met in full by the insurance company.

In half of these cases it was due to under-insurance, although many people claimed they had never been told by the insurance company that they were under-insured until it was too late. Well over half stated that they had never received any advice from insurance companies.

# Experiment to breach wall of secrecy around prisoners

*Lisa Wood* reports on an experiment in Oxford to involve the local community in reform work.

OXFORD PRISON Week, an experiment to involve the local community in its prison, was formally launched yesterday by the Prison Reform Trust, a pressure group headed by Sir Monty Finniston.

An inspection by local people was led by Lord Goodman, master of University College, Oxford; Lady Faithfull, a former chairman of Oxford Social Services; and Mr John Patten, Conservative MP for Oxford.

Dr Stephen Shaw, director of the Prison Reform Trust, said the plan is to involve the local community in its prison and break down "the wall of secrecy that has tended to enclose our prisoners."

The trust hopes to arrange similar initiatives—with the support of the Home Office—at Bedford and Leeds prisons.

Oxford local prison contains 243 prisoners in accommodation designed for 138. About 50 are unconvicted. Mr Mark Bonham-Carter of the Prison Reform Trust said: "Oxford is not untypical of many prisons in Britain, with the overcrowding and the unsentenced prisoners, only 50 per cent of whom will receive custodial sentences. Their average stay is six to nine months and that is a pretty shocking statistic in my view."

Mr Bonham-Carter said there were far too many prisoners in Britain, not too few prisons. "We want to improve conditions in our existing prisons and reduce numbers, rather than build new prisons. There are far too many imprisoned who should not be there at all," he said.

Discussions on conditions at the prison, both for prisoners and staff, will be held at the local trades council, womens' institutes and Oxford Polytechnic. An exhibition is being held at the central library and talks given to local schools.

Dr Shaw wants to see a prisoners' wives association set up in Oxford. "We would also like to see more help given to the prisoners aid societies, for discharged prisoners and more people coming in to organise activities in the prisons."

Part of the Home Office's accelerated prison building programme includes a new prison at Lockwood, near Oxford. The trust would like to mobilise feeling in Oxford to keep open the existing prison, further modernise it and reduce inmates.

About 20 per cent of the prisoners at Oxford are under 21 and in the one wing of the prison still standing it is impossible to always keep them apart from older prisoners. Most prisoners are three to a cell, although this is said to be because of refurbishing work in the three-story building.

● Mr William Whitelaw, the *Home Secretary*, has asked the Prison Department to reconsider the establishement of experimental duty solicitor schemes in certain prisons.

Mr Robert Kilroy-Silk, MP, chairman of the Parliamentary All-Party Penal Affairs Group, wrote *last December* to Mr Whitelaw, asking him to permit the establishment of experimental lawyers' surgeries.

# Insurers 'will foot NHS charges'

BY IVOR OWEN

INSURANCE COMPANIES will provide most of the £6m a year expected to be raised from charges for hospital treatment to be imposed on overseas visitors to Britain, Mr Norman Fowler, the Social Services Secretary, suggested in the Commons yesterday.

He swept aside Labour attacks on the charges, which will be introduced on October 1, and denied that they are designed as a forerunner to charges for all National Health Service patients.

Tory back benchers welcomed the charges—some complained that they were long overdue, and Mr Fowler was strongly supported when he insisted that they were fully justified.

"It is only fair that people coming from overseas who have not contributed through taxes should be asked to pay for treatment which our own citizens would be required to pay when they are overseas," be declared.

He announced that some modifications had been made to the scheme, originally outlined in March last year, to allay anxiety that procedures used to identify chargeable patients could lead to racial discrimination.

He disclosed that a working party report showed that existing rules on listing hospital patients were not being administered consistently and fairly.

In particular, the working party had pointed to a "distinct risk that checks on eligibility might be being

Norman Fowler: charges "only fair"

applied in a way which discriminated against members of ethnic minorities living in Britain.

Mr Fowler assured MPs: "I am satisfied that a new system can be introduced which will provide extra finance for the NHS, and which hospitals can administer in a way which will minimise the risk of racial discrimination.

There would be other changes in the scheme originally proposed, be said.

"In response to representations that the proposals would bear hardly on overseas students here for a considerable period, we have decided that all visitors — including overseas students — should become exempt from charges after they have been here for one year, instead of the three years in the earlier proposals.

"We also propose that people coming here to work should be fully exempt from the beginning of their stay, as will some visiting dependents of people settled in this country."

Mr Fowler said the £6m the charges were expected to raise in a full year would be available to the district health authorities or boards to finance spending.

He stressed that reciprocal health agreements with other countries would be fully honoured.

"The new arrangements will be publicised abroad so that visitors coming here can take out insurance before they arrive as we do when we visit their countries," he said.

"In making these changes we will bring our position into line with virtually every other Western country. There is no reason why the British taxpayer should provide free hospital treatment to short-term visitors to this country."

Mrs Gwyneth Dunwoody, Labour's shadow Health Minister, described the imposition of charges on overseas visitors as "despicable and divisive."

The Government's real intention, she contended, was to provide a system of charging which could be developed in future to require all NHS patients to pay for their treatment.

Denying that this was the Government's intention, Mr Fowler accused Mrs Dunwoody of having made a number of "silly statements."

The basic question, be insisted, was who should pay for the hospital treatment received by overseas visitors—"the taxpayer or the insurance companies of overseas visitors."

The Minister rejected assertions by Labour MPs that spending on additional staff and other administrative costs associated with the introduction of the new charges would cancel out the £6m they were expected to raise.

He argued that there was no reason why extra staff should be taken on.

Gareth Griffiths adds: the Department of Health and Social Security does not know how many overseas visitors are treated by the National Health Service, and the estimate of £6m to be raised in charges is a guess.

The UK has reciprocal medical care arrangements with 18 countries and with the Isle of Man and the Channel Islands. Most reciprocal arrangements are with European countries.

The move marks the end to more than 30 years when the NHS operating principle was that everyone was entitled to free treatment. The DHSS says, however, that it would be unthinkable for a hospital to refuse treatment to an overseas visitor who had been involved in an accident, for example.

# Alliance 'might borrow to boost economy'

BY PETER RIDDELL, POLITICAL EDITOR IN GLASGOW

AN SDP/LIBERAL alliance Government would be prepared to accept a higher level of public sector borrowing to stimulate the economy, Mr Roy Jenkins said yesterday in the first of a series of policy speeches planned for the Hillhead by-election campaign.

He outlined to Glasgow businessmen how the alliance's approach would differ from that of the present Government.

Mr Jenkins' starting point was that the world recession was not the main cause of Britain's troubles, which were the result of "the deflationary policies which the Government has chosen to apply.

"Their refusal to allow public sector borrowing to rise as a proportion of gross domestic product in response to the recession has caused them to take a whole series of measures which have made both unemployment and inflation worse," he said.

He argued that since "the recession was directly attributable to present Government policies there are grounds to believe that a major advance can he made by correcting those policies."

Mr Jenkins said the alliance approach would be based on three main principles:

● "I do not believe that an alliance government could immediately assume responsibility for the maintenance of a high and stable level of employment in line with the famous Beveridge principle of 1944, and I am convinced that we can set unemployment on a downward trend and by sensible management over a number of years bring it down to a level at which it may once again become realistic for the Beveridge principle to be re-adopted as the basis of economic policy."

He said later that the aim would be to cut unemployment by about one million within 18 months.

● "An alliance government will use monetary and fiscal policies to counter the economic cycle.

"In current circumstances, it seems to me wholly reasonable that the government should do some 'real' borrowing and that the money supply should be allowed to vary in a counter-cyclical way within reasonable limits provided that adverse inflationary consequences can be avoided."

He noted that the "real" borrowing requirement (after taking account of the reduction in the real value of the Government's debt as a result of inflation) had been virtually nil.

Describing himself as a "cautious financier" in view of his repayment of debts in his last year as Chancellor of the Exchequer, Mr Jenkins said it would be better to allow public borrowing to rise this year to finance extra public spending without raising taxes.

The consequent increase in economic activity would help to reduce borrowing in later years. He said it was self-defeating to try to cut the public sector deficit.

● "We believe that with industry flat on its back and profitability as low as it has ever been, the chances of spontaneous combustion leading to economic growth are negligible. The Government has an indispensable role to stimulate growth."

Mr Jenkins said his approach would involve "immediate and vigorous action to bring down the rate of unemployment substantially."

He laid particular stress on increasing public sector capital investment, housing improvement and renovation, and the replacement of sewers. These proposals would, be suggested, feed through to the private sector.

The alliance approach, as outlined by Mr Jenkins, also differed significantly from that put forward last week for Labour by Mr Peter Shore, the shadow Chancellor.

Labour has specifically endorsed the Beveridge concept of full employment immediately.

During questions, Mr Jenkins said he believed that government could modify market forces but could not defy them,

Roy Jenkins: different approach

and he suggested Bank of England intervention in the face of ups and downs of the exchange rate.

Asked about exchange controls, Mr Jenkins said he did not regard overseas investment by British residents as the villain in the face of falling domestic investment. This reflected the rates of return. He did not regard investment overseas as wholly fruitful, though he could understand why institutions built up nest eggs abroad.

# Dull day at school for Hillhead candidates

BY PETER RIDDELL

The Hillhead by-election will be a pretty restrained and dour affair, like the local architecture, if the candidates continue to behave as they did yesterday at a symposium for sixth formers at Jordanhill College.

This was the first, and possibly also the last, joint meeting of the campaign for the four main candidates—Mr Roy Jenkins, for the SDP/Liberal alliance, Mr Gerry Malone for the Tories, Mr David Wiseman, for Labour, and Mr George Leslie for the Scottish Nationalists.

Judging by the comments of the sixth-formers, some of them already voters, Mr Leslie made a considerable impact with a direct appeal to put Scotland back on the map.

Mr Jenkins was all right for the English but not north of the border. If Mr Leslie can make a similar impact on other voters be could have an effect on the fortunes of the front runners.

The main candidates were studiously polite to each other —and all agreed that unemployment was the main issue and that it would be difficult to solve.

Mr Jenkins was his usual magisterial self, possibly too much so for the sixth-formers. Mr Malone faced the need to defend the Government's record honestly, if somewhat uneasily, and Mr Wiseman was so determined not to alarm anyone about the alternative economic strategy that his radicalism got lost in the sub-clauses.

It was all rather flat and was enlivened only by a protest outside the school by Pastor Jack Glass, who is standing as Protestant Crusade Against the Papal Visit candidate.

He was excluded by the headmaster on the grounds that be would not contribute to the sixth-formers' education.

# Rees urges ban on Amersham share dealings

By Ivor Owen

A MORATORIUM on share dealings in Amersham International, the radioactive materials producer, was demanded by Mr Merlyn Rees, Labour's shadow Energy Minister, in the Commons yesterday.

Mr Rees claimed that the sale of shares in the state-owned concern would lead to "substantial losses" to the taxpayer.

Mr Rees, who unsuccessfully sought an emergency debate on the issue, said the £71m offer had attracted applications worth about £1.5bn. The shares, which were offered at 142p, were expected to rise to 180p when trading starts on Thursday.

He called for a full inquiry before trading begins, and suggested that a further investigation by the Commons Public Accounts Committee would also be appropriate.

Mr Rees said the low offer price effectively means that the Exchequer has been robbed of funds which could have been used for desirable public spending or to reduce the public sector borrowing requirement.

Mr George Thomas, the Speaker, agreed that Mr Rees had outlined a "serious situation," but ruled that he could not give precedence to the motion, which would have meant a debate before the scheduled business for yesterday and today.

# Expert energy advice 'spurned'

BY MAURICE SAMUELSON

REPRESENTATIVES of Britain's leading engineering institutions last night angrily accused the Government of spurning their advice over a scheme which could help to solve the country's energy problems.

The charge was made to a Commons select committee which is looking into the prospects for combining district heat and power generation.

Advocates of combined heat and power (CHP) point out that more than half the heat potential of fuel used in power stations is discharged into the environment.

The Energy Department is currently investigating nine cities as possible sites for the first CHP schemes.

Yesterday's charge was made by the Watt Committee on Energy, which includes representatives of the Institutes of Mechanical, Plant, Municipal, Electrical and Civil Engineers, the Royal Institute of British Architects and the Chartered Institute of Building Surveyors.

The committee also derided the Energy Department's step-by-step approach. The advantages of CHP had been emphasised by every official and technical study of the subject for 35 years, it said.

The department was also criticised by representatives of the Greater London Council, the London Borough of Southwark, Tyne and Wear County Council, Newcastle City Council and Gateshead Metropolitan Borough Council.

They would all like to be considered as possible sites for CHP and have carried out considerable research.

They attributed the Government's unhurried approach to the influence of the electricity and gas supply industries which see the introduction of CHP as a threat to their long-term interests.

Mr Arthur Palmer, Labour MP for Bristol North-East, said be and his colleagues understood the frustration and might propose legislation.

# Homes exchange network on the way

BY WILLIAM COCHRANE

PUBLIC SECTOR tenants who want to exchange their homes will have access to a Government-sponsored, computer-based information scheme from April, Mr John Stanley, Housing Minister, said yesterday.

The tenants' exchange scheme will be available to tenants of councils, new towns and housing associations throughout England and Wales.

Detailing the scheme in a Commons written reply, Mr Stanley said: "The absence of any nationally-available information about the housing wish to move by arranging exchanges has been a serious impediment for years to the mobility of public sector tenants."

Mr Ian McCallum, chairman of the Association of District Councils, said last night that the scheme "could prove to be of significance in the fight to achieve mobility of labour." The ADC represents all 33 district councils in England and Wales which are housing authorities.

The scheme also was welcomed yesterday by the London Borough Association. Mr Simon Randall, chairman of the LBA's housing and works committee, said: "Today, more than ever, council tenants need help when they want to switch to other parts of the country.

Commons Sketch

# Philistines flee the Drama

"A DEBATE on the arts and heritage is a very rare occurrance in this house..." The words floated across the Commons yesterday in the mellow tones of Mr Andrew Faulds, the bearded thesbian who is usually found on the back benches shouting abuse at Mrs Thatcher.

But he is also Labour's spokesman on the arts and on this occasion he had been given the leading role to move an Opposition labour indictment of the effect of Government policies on the arts, and urging an increase in state support.

The dramatic effect of his opening lines was spoilt by the clatter of feet as the Labour Phillistines fled from the chamber, leaving only six of their number to support him from the back benches.

An old trooper like Mr Faulds was not put out. Soon he was criticising Sotheby's and Christie's, describing them as "these vultures of the art world" and alleging that they charge exhorbitant commissions to seller and buyer.

He speculated on the whereabouts of Mr Norman St John Stevas, who relinquished his post as Minister for the Arts when Magige sacked him from from his job as Leader of the House.

At this point Norman was observed on the Conservative back benches. Apparently Mr Faulds' riveting performance had put him into a gentle snooze.

"Ah, there he is with his baad hung lower than is his wont," boomed Mr Faulds. "I wash somebody would wake him up."

Finally, Mr Faulds unveiled some truly grandiloquent plans for the arts. Local authorities should be given the power to raise a mandatory rate to provide support fo. rth theatre, and community arts.

As if this vote-getter was not enough, he suggested another radical innovation: A greatly enlarged Cultural and Heritage Ministry. "These are not fantasies of my own," be insisted to dubious MPs.

Mr St John Stevas, who had apparently been wide awake all the time, intervened ot ask just who was the author of these startling proposals: were they now the official policy of the Labour Party?

"Well not exactly," Mr Faulds explained. They were being considered by "various arts bodies" in the Labour movement and with his own "admirable advocacy" he hoped the party would adopt them.

Eventually be retired into the wings and the stage was taken by Mr Paul Channon, Minister for the Arts, a likeable fellow who has no pretentions to stardom.

Dismissing the Labour motion as "preposterous" he pointed out that there had always been economic problems in the arts. After all look what happened to Mozart.

Not the best of analogies this. Mozart, it will be remembered, sunk into an early grave with his finances in ruins after a series of unsuccessful tours.

Nothing like those good old 18th century market forces to put the artist in his place.

**John Hunt**

# Jenkin supports Budget curbs on public spending

By Ivor Owen

A BUDGET strategy which continues to aim at curbing public expenditure and limiting borrowing was given public backing by Mr Patrick Jenkin, the Industry Secretary, and his ministerial team in the Commons yesterday.

While refusing to anticipate the proposals to be announced by Sir Geoffrey Howe, the Chancellor of the Exchequer, on March 9, Mr Norman Lamont, Industry Minister of State, maintained that lower interest rates were the most important objective.

"Only containing public expenditure will bring that about," he stressed.

Mr Jenkin ran into difficulties when he endorsed the Chancellor's judgment that Britain reached the trough of the recession in the middle of last year.

He was halted by derisive shouts and laughter from Labour MPs when he declared: "We are at the moment on the verge of an export-led boom."

There were more jeers when be added: "Perhaps I may rephrase that — export-led recovery."

Mr Jenkin was involved in another clash with Labour MPs over the decision by the P & O group to place an £80m order for a new liner with a Finnish shipyard because British Shipbuilders, whose yards are fully booked could not meet the required delivery date.

Mr Douglas Jay (Lab Battersea North) said the Minister's explanation meant that the P & O order had been lost through lack of capacity in the British shipbuilding industry.

# BA ramp workers vote to continue Heathrow action

BY BRIAN GROOM, LABOUR STAFF

THE BRITISH AIRWAYS ramp workers' dispute at Heathrow Airport is set to continue for another week, after the 2,000 workers voted at a mass meeting yesterday tn continue their two-week-old action.

Mr Mike le Cornu, chairman of the ramp workers' shop stewards, said the vote bad been at least three to one. No more mass meetings are planned until next Tuesday.

The baggage-handlers at Terminals One and Two, who service European and domestic flights, claim to have been locked out after refusing to operate new work schedules, which BA wants to introduce so it can implement voluntary redundancies. BA says the workers are on strike.

The airline has maintained some 80 per cent of European and domestic flights by using volunteers among pilots, management and office staff since the dispute began to load passenger baggage. There is no sign of the supply of volunteers drying up.

There had been suggestions that the action would collapse because of lack of support among other groups. Mr le Cornu said: "There is a small element among the members who were upset because they were not able to see positive signs of support for the dispnte, hut we believe support is getting under way."

Much may dapend on whether workers at Terminal Three, who bandle long-distance flights, decide at a meeting not to cross thair colleagues' picket lines. This is likely to take place tomnrrow.

So far, long-haul ground staff bave given only minimal support to the stoppage. They bave staged three one-hour meetings at times which have caused little disruption, and there bas been little disruption of catering.

Mr le Cornu claimed yesterday that BP and Esso refuellers had agreed not to cross the picket lines. BA said it had nn knowledge of such action.

The ramp workers received a double blow last week when first engineering and maintenance workers and then cabin staff voted not to take action

BA, which maintained 85 per cent of European and domestic services yesterday, hopes to operate 87 per cent today. It will cancel only 13 departures and 15 arrivals.

# Bank unions' rivalry resurfaces

BY BRIAN GROOM, LABOUR STAFF

THE RIVALRY between two TUC-affiliated unions seeking to attract banking and insurance staff has resurfaced over the merger of two Australian banks.

The merger is between the Bank of New South Wales, where London clerical staff are represented by the Association of Scientific, Technical and Managerial Staffs, and the Commercial Bank of Australia, whose staff are represented by the Banking, Insurance and Finance Union.

The unions were prepared to accept joint negotiating rights but the employers, who will merge to form a bank known as Westpac, said they would recognise one union only and insisted on a ballot.

This resulted in a 2-1 majority in favour of the ASTMS, in a vote of 78 per cent of the 400 staff. The vote was conducted by the Electoral Reform Society. ASTMS is likely to accept the result.

Mr Steve Gamble, Bifu assistant secretary, said yesterday the vote merely reflected the relative strength of the two unions' existing membership in the two banks. ASTMS's membership was in the bigger bank. There was "no way we will simply accept the result of a ballot imposed in this way." The Commercial Bank's staff had accepted Bifu in preference to ASTMS only two years ago.

Bifu believes the odds were stacked against it. Mr Gamble said the banks made clear that if turnout was low they would take the union which claimed the biggest membership. Bifu rejected a boycott of the ballot, which the two unions discussed.

Mr Gamble wants to bold more discussions with ASTMS on joint wnrking. Mr Russell Miller, an ASTMS national officer, said, however, his union was likely to agree only if Bifu conceded joint rights in Phoenix and Guardian Royal Exchange insurance companies. There, ASTMS has long-standing complaints against Bifu under TUC rules.

Mr Miller claimed that not only had Bifu rejected a boycott of the ballot, it had also broken the TUC's inter-union Bridlington rules by issuing leaflets seeking to recruit ASTMS members.

Bifu's legal advisers are looking at the new Transfer of Undertakings (Protection of Employment) Regulations 1981.

# BR denies pay talks pressure by Cabinet

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL yesterday firmly denied that last week's agreement which ended the train drivers' strikes over pay and productivity bad been concluded under pressure from the Government.

Mr Clifford Rose, BR board member for industrial relations, said the Government had been kept informed throughout the dispute, but it was "wrong to suggest that pressure was applied by Government one way or the other."

The board bad given its negotiators a clear remit to make sure the train drivers' union Aslef did not rule out anything from the negotiations, and that was carried out.

BR's difficulties over the crucial productivity issue of flexible rostering look like continuing. The leaders of National Union of Railwaymen guards in London and the South-East were last night considering calling further unofficial action,

The effect of the dispute is expected to spill over into this year's pay negotiations. BR expects the NUR to submit its unspecified claim by letter this week. A meeting on the claim is likely to be held soon, but an offer is not expected until the arbitration tribunal has delivered its report on the Aslef dispute.

BR may tell unions that because its finances were badly hit by the dispute all pay rises would have to be delayed. It would, in effect, be proposing a pay freeze until its cash position improves.

If BR makes an offer, it is likely the board will again propose linking it with productivity commitments still outstanding from last year's deal.

# Strike halts production at Alvis

A STRIKE by 1,000 workers halted prodnction yesterday at Alvis, the Coventry-based company which makes military vehicles. It was the first one-day strike of an indefinite series in protest over a pay claim.

At the same time, several hundred white-collar staff were on their fifth day of stoppage, also over wages. They have rejected an 8 per cent offer. The production workers, covered by five unions, have refused an £8 a week rise nffer.

## Leyland reopens

THE Leyland Vehicles truck plant at Bathgate, near Edinburgh, resumed productinn yesterday for the first time in four weeks. The 3,000 wnrkers voted last Friday to end a four-week strike over redundancies proposed in a survival plan fnr Leyland's Truck and Bus Divisions.

## Potash mine ban

ABOUT 650 workers at Cleveland Potash mine, County Cleveland, started an overtime ban in protest at a "zero" wage offer. The cnmpany said nvertime averaged about 5 per cent.

## Lecturers protest

LECTURERS at further-ednecation colleges are starting industrial action over Cambridgeshire County Council plans to make 76 lecturers redundant because of public spending cuts.

# Turkey strike 'support'

BY OUR LABOUR EDITOR

A STRIKE by farmworkers at a leading turkey producer is now likely to be backed by the country's biggest union, the Transport and General Workers.

The National Union of Agricultural and Allied Workers organises the bulk of 1,200 workers employed at the Bernard Matthews plants in Norfolk and Suffolk, who have been on strike for a week over a 25 per cent wage claim. The company has offered a £5.67 increase on basic rates.

Last Friday, the company sacked 36 workers at its feed mill at Bawsey, in Suffolk, including 12 members of the TGWU. It is understood that transport union officials will now follow the NUAAW in making the strike official.

# Thames barrier worries grow

THE OUTCOME of a meeting today between dockers and port employers on Teesside will be watched nervously by the Government, by the Greater London Council and by the constructors of the River Thames flood control system.

The meeting has been arranged by the Advisory Conciliation and Arbitration Service to try to resolve the three month strike over pay and productivity at Tees Dock which has thrown out of gear the construction programme for the Thames Barrier.

Three factors are causing anxiety among developers, council leaders and the Ministry of Agriculture which is subsidising three-quarters of the £700m cost of the capital's flood defence system.

● The dispute has trapped four of the barrier's flood control gates—three large and one small—at Port Clarence, on the Tees. It is now reaching the point where even rescheduling of installation work will not allow completion of the barrier by the set deadline of November.

● If there is a major surge tide next winter before the barrier is completed, the flooding consequences for London will be more serious than they would have been a few years ago. That is because the completed construction work of improving and raising embankments downstream of the barrier will have a funnelling effect on the water, thereby raising the level of surge tides as they travel upstream to the centre of London.

● The time pattern of dangerous tides over the past 30 years indicate that there could be at least ona between November and March.

The installation of the gate leaves should take only a few days once loading at Port

**Nick Garnett looks at fears of London floods as the Teesside dispute holds up the delivery of the control gates.**

Clarence and shipping has taken place. But the securing of the gates to the gate arms, and the testing of equipment including the hydraulics, will take several months.

Rendell, Palmer and Tritton, the design and installation consultants, have already rescheduled the construction programme to make up for time lost by the strike.

However, time is rapidly running out for any further rescheduling if the November deadline is still to be met.

The rescheduling will mean that a considerable amount of work will have to be carried out concurrently rather than consecutively. The limited number of specialist staff to supervise the final stages of the barrier's completion work, however, places major constraints on this.

Altering the construction programme as a result of the dispute has already caused one problem. The next piece of equipment due for installation was to have been one of the larger gates still on the Tees, the arms for which have been put into place on the Thames.

Under the new schedule, the smaller gate would be the first to be installed. The loading of this gate, however, would be blocked at the edge of the wharf by the presence of the large gate.

The latter would therefore have to be shifted to one side at the dock or brought to the Thames first and left on a pontoon to await its turn for installation.

Another problem is looming. Installation of the gates—the biggest leaf of which weighs 1,500 tonnes—will require special floating cranes of which there are only a few in the world. These cranes are due to arrive on the Thames next month and are on hire until August.

The contract for their hire can be extended but only at great cost—ultimately to the taxpayer and the ratepayer.

At least two company groupings—Davy-Cleveland, the construction consortium, and ITM, the gate transporters — are losing money because of the strike.

# TECHNOLOGY

EDITED BY ALAN CANE

# Shift to water-based hydraulics

BY ALAN CANE

BRITISH LEYLAND, Ford of Britain and Vauxhall are now using a technology pioneered in the U.S. which seems to offer massive savings in petroleum-based oils.

They have [illegible]red the oil in the hydr[illegible]hinery on certain of t[illegible]port lines with a new [illegible]hich is 95 per cent water.

This new High Water Base Fluid (HWBF) is an emulsion of anti-wear additives, rust and corrosion inhibitors and biocides dispersed as minute oil droplets in the water.

According to Mr Brian Rutty, a product manager in the Sperry Vickers European Group based in Cobham, hundreds of U.S. firms, led by the automotive giaots, now use HWBF in their transfer line and tramping machinery.

The initial impetus for the change came from the rise in oil prices. Oil products had traditionally been cheap in the U.S. so companies were careless of oil losses through leakage and so on. In some companies turnover in hydraulic oil a year was four times the reservoir capacity of the machines.

Sperry itself ran a campaign to stop leaks and oil wasteage: the price of oil provided the final spur.

So what are the advantages of using HWBF?

- Cost — it is reckoned that savings can be between 84 and 88 per cent on the price of hydraulic oil.
- Supply — the additives necessary for the emulsion are obtained from a number of manufacturers.
- Transportation — only the additives, 5 per cent of the total volume of the hydraulic fluid, need be transported. The tap is the source of the water. In hard water areas, softeniog may be necessary.
- Storage — a barrel of concentrate takes less than 4 square ft of floor space. At least 80 square ft would be necessary to store the equivalent in 100 per cent oil.

There are other benefits. Water has a natural fire resistance, is less slippery if spilt on the floor and runs 15 to 25 degrees cooler than oil.

There are disadvantages. There is a tendency to greater machine wear, increased leakage, especially internally. There is also greater sensitivity to filtration quality and filter maintenance.

According to Sperry, systems working on HWBF should not run at pressures greater than 1,000 pounds per square inch, or 1,500 revolutions a minute.

These requirements are well suited to automated machine tools and transfer lines, Sperry says.

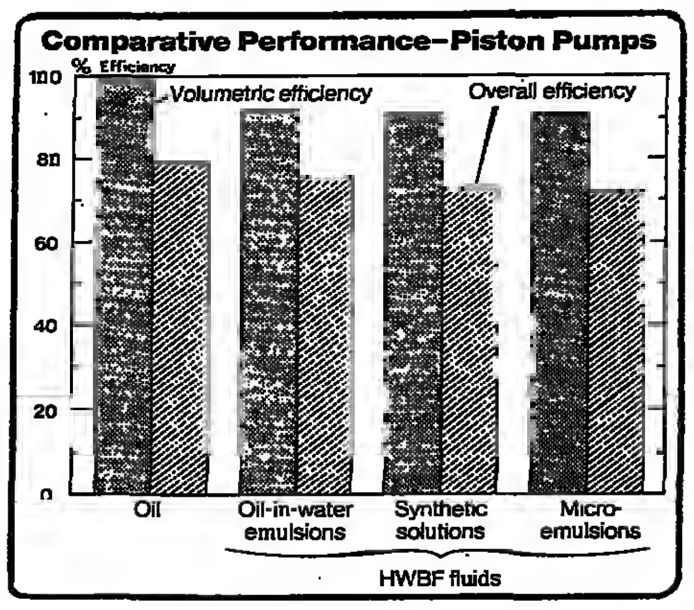
## Plant cycles

It goes on: "Sperry has co-operated with General Motors and Ford in the U.S. to make substantial conversion to HWBF. General Motors with six years experience already expects to have 85 per cent of its factory hydraulic systems operating on aqueous fluids by 1984.

"Leyland, Ford and Vauxhall in the UK have the system and seem pleased so far. One company spokesman said: 'It has been proved beyon ddoubt that with the minimum of modification, machine tool hydraulic systems can be operated successfully onHWBF, dramatically reducing fluid costs and possibly improving on plant production cycles."

Sperry does warn that it is more difficult to obtain the additives in Europe than in the U.S. a dnthat the price is somewhat higher.

It says, however: "Of the chemicals suppliers, BP appears to be the most convinced that HWBF has a big future and is willing to co-operate with any potential user on development or investigative projects. Brian Rutty will explain Sperry's enthusiasm for HWBF on 09326 7333.




# Massey Ferguson unveils new digger

BY MAX COMMANDER

MASSEY FERGUSON suffers when public sector spending is pared.

As one Coventry executive put it: "What we need is a Government ready to say to local authorities, 'spend some money to buy new equipment to dig a few holes in the parks.'"

Massey, if nothing else, is a cheerful sort of organisation. It plans strategy and products on a 10-year basis, updated each year to ensure that it's on target.

In a time of doldrums in construction and the public sector it showed some panache in unveiling four new products last week.

Two are new models of its industrial tractors, built in the UK, a crawler-loader, manufactured at its Aprilia, Italy, plant, and its pride, joy and flagship, the MF 50D digger-loader, emanating from the Manchester factory.

A digger-loader is a digger-loader, of course, but MF's thinking, apart from certain technical improvements, seems to have been to keep the operator happy.

In MF's own words: "The MF 50D embodies an entirely new concept cab which takes the quality of operator environment, ease of operation and productivity to new levels . . . and it is the most powerful digger in its class. (If you take the jargon away it means that the cab is a lot more comfortable).

Basically, MF has built a cab suspended inside a separate safety frame on four rubber mounts in an attempt to isolate the driver as far as possible from noise and vibration. A noise level of only 80dBA is claimed.

Window size has been increased: there are front and rear wipers; a heating and ventilation system with demist to front and rear glass; a console for a radio with twin speakers, and the controls have been improved.

There is a single level control for the loader and two for the digger—all ergonomically situated. (Ergonomic is a word that looms large in the Massey Ferguson philosophy) So placed that the driver's working day is made more comfortable.

## Higher lift

One very good feature is an additional control console for the digger operation. This contains throttle, tachometer, warning lights for oil pressure and water temperature so that the operator does not need to turn his back on the work in hand.

Technically, the company has increased certain dimensions, strengthened the back frame and given a higher lift to the stabiliser legs to offer better cross-site ability and better performance on sloping surfaces.

The digging force has been improved by about 17 per cent and slew torque by 25 per cent. Digging depth is now 13.6 ft and outreach from the centre of slew 17.4 ft.

Various models with two or four wheel drive are available, all in the mustard coloured livery of lead-free paint.

Literature, technical specifications etc are available from Massey Ferguson, PO Box 62, Banner Lane, Coventry (0203 465211).

The MF50D digger-loader.



# At much binding in the office

ONLY journalists like dog-eared, foolscap documents held together with staples. That is because they think a paper so scruffily presented must be a first draft, for private circulation only, and containing information not publicly available—and, therefore, news.

Everybody else likes proposals, quotations, corporate plans and the like neatly typed and attractively bound.

At least that is what Midland Binding Machines is counting on in its efforts to sell its latest binding system.

Called the Easi-bind 500, it is a small unit that fits comfortably on a desk top and seals loose pages into a cover of the client's choosing in about 30 seconds.

## More energy

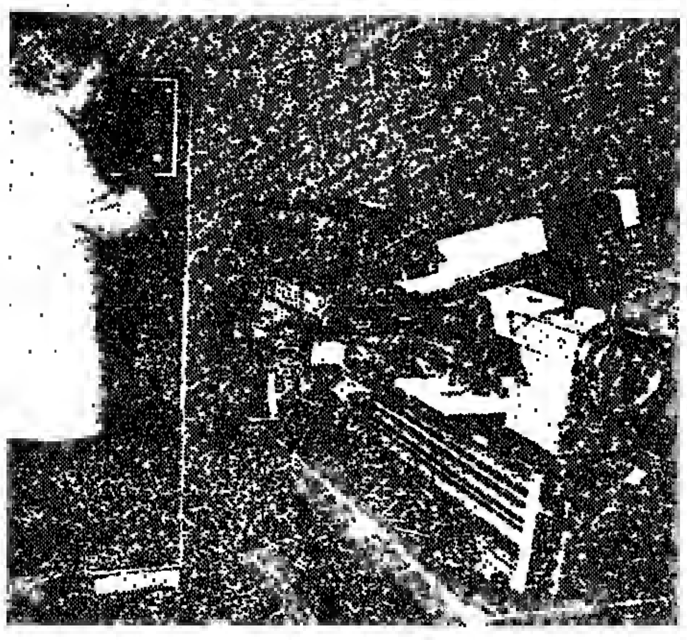
Mr H. J. Skidmore, MBM sales director, claims the new system is the only one of its kind with no moving parts such as sliding plates clamps or springs.

The binding machine works at 145degC, yet the company claims it can be left on safely all day because of very fine temperature control.

It claims machines built by its U.S. and Swedish competitors work at much higher temperatures and consume vastly more energy. The machine costs £320; cover boards start at about £22.00 a 100 for less than 1,000.



# Bolt-on system takes the aches out of CNC



An operator at the control console of a lathe converted to CNC with the Audit bolt-on independent slideway unit. The all-British development for machine tools can be fitted quickly at a cost of £11,250. With a visual display unit it offers CNC capability at about half the cost of a full CNC lathe.

ALMOST EVERYONE in the metal removal industry can see the productivity virtues of computer numerical control (CNC), but not everyone can afford to throw everything away and start again.

With this in mind, E. J. Holt Precision Engineering of County Durham and Adoph Numerical Controls have produced an all-British system that can be bolted on to existing Colchester Triumph 2000 and Harrison M400 lathes.

The system is being marketed by Matchless Machines of Horsham (0403 60271). Later versions for other machines will be offered.

In this way, the change from purely manual operation to operator-programmed CNC can be made in about two days (including fitting, commissioning and operator training) at a cost of £11,250—which is dramatically less than the investment needed for a full CNC lathe.

Matchless says that it knows of no other system that may be added to a lathe in any condition (provided the headstock is good) and be immediately operational without the need for alignment with, or modification to the lathe or equipment.

The device, called Audit, is an independent slideway unit which bolts directly on to the lathe and has hardened and ground slideways. Drive in the X and Z axes is via precision ball screw and nut assemblies from DC motors employing encoder feedback. All the moving parts are automatically lubricated.

Movement of the slides is directly controlled by the electronics in the console, which can be programmed on a visual display unit via self-explanatory symbols.

Programs can be compiled on the keyboard and put straight into memory, or can be dumped from a cassette tape into memory. Similarly, programs can be compiled and kept on the cassette.

Editing can be carried out easily from the keyboard and facilities include linear and circular interpolation and parallel or taper thread cutting.

GEOFFREY CHARLISH

# Banknote counter

THE BRANDT company, a leading name in banknote counting machines, has introduced a new model which it says has been more diligently researched than any previous counter.

The machine, the 862, counts and batches banknotes. The Brandt brief was to make it as small and as quiet as possible.

It uses microprocessor and semiconductor memory technology and the path of each note through the machine is so short that it is practically impossible for notes to jam, even really poor quality notes.

The company claims that if a note does jam it can be released within five seconds. It costs £950 and International Money Processing Machines (Sunbury 85666) knows all about it.

EDITED BY CHRISTOPHER LORENZ

# NatWest: a strategy in the process of definition

## The fourth in a series by Tim Dickson on banking services for smaller businessmen

IF ALL Britain's big banks these days are attempting to spruce up their small business "image," National Westminster is in many ways trying barder than most.

A major rethink has been taking place inside the bank's impressive Lothbury beadquarters in London on how besl to meet the smaller company's special needs and—just as important—how to encourage its 3,200 branch managers to adopt a more positive approach to their small business clientele.

Like its rivals NatWest appreciates both the commercial potential and the political sensitivity of this important sector, but by comparison with the others its strategy is arguably not yet clearly defined. A significant step was taken, bowever, with the appointment last montb of 40-year-old Noel Dearing, the first manager of a new small business section in the bank's domestic banking division.

Dearing's job is to co-ordinate the sort of promotional and educational work already carried out (under Russ Wilson the project manager) in this area and to develop new and existing "products" tailored specially for small business customers. The section also includes a manager who specialises in franchising and a manager wbo administers loans made under the Goverment's Loan Guarantee Scbeme.

"I firmly believe that small companies, like acorns, do not sprout up overnight," says Dearing. "Small companies grow slowly and it is our job to belp in this process. I think it is important, however, that we find out what customers want rather than try to ram things down their throats just for the sake of it."

Chief among NatWest's existing products is the business development loan, a successful medium term facility which is admired by rivals. Loans vary from £2,000 to £250,000 and may be on a secured or unsecured basis. Interest rates are fixed over periods of between one and 10 years.

Since its introduction in 1971 more than £500m bas been lent (to 50,000 customers), with more than £100m having been taken up in the last five months. NatWest maintains that it is unable to explain this sudden upsurge and says that it has not marketed the loan especially aggressively. The increased business appears even more remarkable given that the current cost of funds — effective rates range from 15½ per cent (secured) to 17 per cent (unsecured) over 10 years — is broadly in line with the market, wbereas from time to time in the past the loans have looked cheap.

The other notable feature of NatWest'e shop window is its Growth Option Scheme. The idea is that the bank lends money in the normal way (currently 15 per cent fixed), but in addition takes the option to buy shares in the borrowing company at some date in the future. (NatWest says it seldom takes more than 25 per cent and never more than 49 per cent of the equity.)

### Holiday

In return the borrower's cash flow problems are eased by a "holiday" on interest payments and capital repayments for the first two years of the loan. This means that no money actually has to be handed over to the bank before the beginning of year three, though of course interest is rolled up during the period.

Dearing is convinced that repayment "bolidays," wbich are available on other types of loan, can be useful for small firms.

More than £2½m has been lent under the Growth Option scheme since it was introduced 18 months ago, a figure which would, according to Dearing, probably be higher but for the "relnctance of many small businessmen to part with their equity."

NatWest believes its branch managers are in the best position to provide the sort of financial belp small companies require but Dearing does not rule out a business advisory service (BAS) along the lines of those established by Barclays and Lloyds. NatWest bas already decided to expand its industrial unit, a head office team of experienced managers and accountants on secondment wbo spend their time on detailed investigations of "problem" customers of the bank.

Dearing admits, though, that in its present form this is primarily a "fire-fighting service," and does not aim, like the Barclays and Lloyds BAS, to help fundamentally sound companies grow bigger. The industrial unit would provide a BAS nucleus if NatWest decided to follow the same path as its rivals.

Like other major banks, NatWest is keen to show its commitment to the small business sector, even if City and other industry observers argue that much of its efforts are only "window dressing." Nevertheless, last month the bank pleased many of the small business lobby groups by cutting the rate it charges on the Government's Loan Guarantee Scheme from 2½ per cent over base to 1½ over base (Barclays and Midland charge 2½ over and Lloyds 2 per cent over, though the Co-op is cheapest at 1½ per cent over).

As for other initiatives, a series of small business seminars is being arranged up and down the country with Southend (March 24), Slougb (April 14), Rochdale (April 20) and Preston (May 5) the next venues on the list.

Noel Dearing: "Small companies do not spring up overnight"

# The pressure to lend increases

"TEN OR 20 years ago," says John Harris, "I would not have hesitated to turn down a customer wanting £50,000 for his business if I thought he was going to chuck it away. If he went next door to a rival he would have got the same answer.

"Today, however, clearing bankers operate in a much more competitive environment and if you say 'No' to somebody who has plenty of security to offer he will simply go and borrow the funds elsewhere. The temptations to lend the money anyway—having done a professional job by pointing out your reservations—are bound to be that much greater."

The manager of National Westminster's Canterbury branch offers this commentary not only to reinforce the banks' familiar argument that finance is readily available for small businesses; Harris also feels that with the new spirit of competition in the High Street—especially during turbulent economic times—it is appropriate to warn customers that loans could be made against a manager's better judgment.

His unusually frank remarks are certainly revealing about banks' attitudes in the past and their fight for market share in the present climate.

Harris, meanwhile, is the sort of branch manager NatWest would hold up as an example of how to attend to the needs of business customers. He says that over the years he has realised that a more "professional" approach is required, by which he means that managers have had to learn more about the underlying business of different firms and their particular problems.

"I talk to customers with an open mind and try to get away from the 1:1 debt/equity ratio," he says.

"A far greater commitment is needed these days from my side of the desk." He adds: "You need to monitor much more carefully what is happening to your customers because things can happen alarmingly quickly. This means getting out and about and seeing them on their home territory—I spend perhaps 50 per cent of my time out of the office."

Although Canterbury and the surrounding countryside is full of little businesses—ranging from farmers and retailers to light engineering companies and hotels—Harris has escaped many of the sleepless nights his opposite numbers in the Midlands and North of England must have suffered in the past few months. Unemployment is well below the national average and although, he says, "the recession has hit us," its effects so far have been comparatively mild. Only about four or five of his 400 or so business customers have closed down and of the others "perhaps 15 are currently experiencing serious difficulties."

About half the problems are related directly to poor demand but he often finds some customers are obsessed by turnover (to the detriment of profit margins) and a great many others are otherwise "financially unaware."

"High interest rates and the sharp increase in rents in recent years have hit several of my shopkeeper customers, for example," says Harris. "Some of them are long established businesses whose stock control and equipment are not appropriate to modern conditions.

"I have encouraged a couple of them to close down while they have something to sell off. There is no point in raising their hopes by saying that if several things change in the next six months they may just pull through—if it doesn't work out they are left with nothing at all—which is far worse."

# In brief . . .

CITY feeling is growing stronger that the Government's Business Start-Up Scheme—widely acclaimed as a splendid idea—is not working out well in practice. The measure, which allows individuals to claim tax relief up to £10,000 on investments in a new company, has prompted the formation of several funds. But at least three major accountancy firms have been unable to find a single person willing to use the scheme on his own.

Detailed criticisms abound but one of the most discouraging features as the scheme stands is the delay involved in claiming tax relief. Would-be investors are often salaried people who, while able to finance the net investment, cannot afford the gross investment for very long because of other commitments such as mortgages and school fees.

●

A USEFUL new leaflet on Capital Gains Tax and the small businessman has been published by the Inland Revenue. It is available free of charge from the offices of HM Inspectors of Taxes and from PAYE enquiry offices.

●

A SUBSIDY of 30 per cent of a basic wage for each man or woman taken off tha jobless rolls and given permanent work is being given to small- and medium-sized firms in Cleveland. The subsidy lasts for 26 weeks. The Cleveland Assistance Scheme for Employment (CASE), which is one of a number of new schemes being launched by the council, has certain safeguards to ensure that it creates genuinely new jobs.

●

VISCOUNT Caldecote, chairman of Finance for Industry, parent company of Industrial and Commercial Finance Corporation, has been inspired by Bertie Ramsbottom's 'Boardroom Ballad—The Small Businessman—published on this page on February 9, to compose an alternative final verse, "for there is, of course, a happy ending," he says:

"I am the smaller businessman,
Determined to expand;
And now I know at last
I've found
A wise and helping hand.
A company with ready cash
Who understands my needs
and me;
I'm sure you know the firm
I mean—
the famous name, ICFC."

# Opportunity scheme loses formality

Bopping came to an end last week—but dancing to the small business tune will certainly go on.

That was the message from the Mansion House, London, on Thursday where Patrick Jenkin, the Industry Secretary, and John MacGregor, the Small Firms Minister, reviewed the Government's Business Opportunities Programme (BOP) and discussed the current climate for small business.

BOP, which was first announced last May but only started in earnest in September, appears to have been a worthwhile public relations exercise by the Department of Industry. (Total costs were less than £200,000.)

The objectives were twofold: firstly, to get across to as many small businessmen as possible that the Government is doing its bit (the much trumpeted 76 specific measures); and secondly, to belp ministers find out what makes small businesses tick and what still needs to be done for them.

Eighteen major one-day BOP conferences have been held up and down the country; a further 56 shorter "mini"-BOPs" bring the total number of events to 74. A Government minister—on some occasions senior members of the Cabinet—has attended on each occasion.

Major conferences included sessions on tax and finance, planning and premises and employment legislation with a successful entrepreneur often thrown in at the end to give the audience a taste of what such a life is all about. "Minis" involved a speech by the Minister followed always by a lengthy question-and-answer session.

"What struck me was the size of audiences and the fact that despite the demands on their time so many businessmen were able to attend," comments MacGregor. On average, audiences were comprised of 80-90 per cent small businessmen with only a relatively small number of advisors and others making up the balance.

Discussing feedback, MacGregor noticed a widespread feeling that most of the Government's efforts were aimed at helping new businesses. "This is not borne out by the facts," he says. "Only a tiny minority of our measures are designed specifically for start-ups. The rest are for existing businesses."

The list of popular complaints contained a few major surprises but audiences consistently challenged Ministers to explain and justify their policies. Public sector (notably nationalised industry) prices, interest rates, local authority rates and local authority planners were frequently targets for criticism.

MacGregor also commented on the "range of different aptitudes and abilities" at BOP

John MacGregor: in close touch

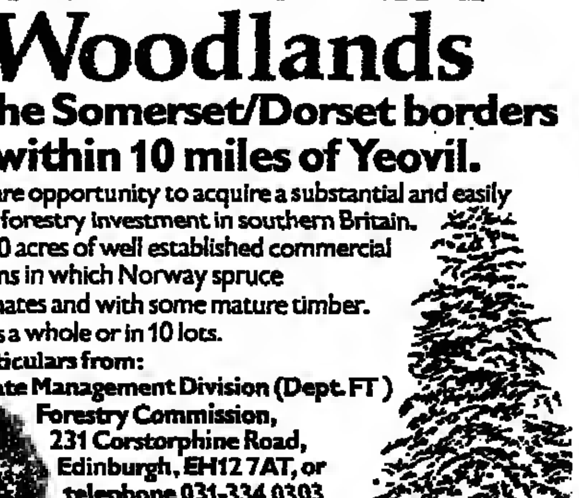
conferences but he always emphasised from the platform that would-be entrepreneurs should first seek professional advice. "It is often legitimate for these advisors to say 'Don't'."

What happens now? BOP is not being replaced by a formal initiative but speeches and conferences (organised by others) will continue—if not at such a breakneck pace. "It is important to bave time to think and I want to devote more time to the Department," says MacGregor. He is in "close touch" with the small firms lobbyists and the momentum of BOP will, he says, carry on.

He summed up the work still to be done by relating how at the end of one BOP conference, "a member of the audience—an academic as it happened—came up to me and said that his daughter who was just going to university had had an interview with her careers officer the day before. He had asked her what she wanted to do when she left university and she replied, 'I would like to set up in business on my own or go into a small business.' 'You mustn't do that,' he replied. 'You are far too bright for that.'"

TD







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# FT COMMERCIAL LAW REPORTS

## No transfer of burdens to business tenant

O'MAY AND OTHERS v CITY OF LONDON REAL PROPERTY CO LTD

House of Lords (Lord Hailsham of St Marylebone, Lord Wilberforce, Lord Keith of Kinkel, Lord Scarman and Lord Brandon of Oakbrook): February 18 1982

WHERE A court grants a new business tenancy, it may not transfer the landlord's existing covenanted responsibilities to the tenant without the tenant's agreement, unless it is reasonable in the circumstances to do so.

The House of Lords so held when dismissing an appeal by City of London Real Property Company Limited, landlords, from a decision of the Court of Appeal (Lord Justice Shaw, Lord Justice Brightman and Lord Justice Buckley, June 19 1980), granting a new lease of business premises to Mr D. R. O'May and others practising as Ince and Co., tenants, on terms proposed by the tenants.

* * *

Section 35 of the Landlord and Tenant Act 1954 provides: "The terms of a tenancy granted by order of the court . . . may . . . in default of . . . agreement . . . be determined by the court; and in determining those terms the court shall have regard to the terms of the current tenancy and to all relevant circumstances."

LORD HAILSHAM said that tenants of business premises in an office building proceeded for the grant of a new lease under Part II of the Landlord and Tenant Act 1954, as amended. The landlords did not oppose the grant in principle, but desired to convert the tenancy into a "clear lease."

The purpose of a "clear lease" was to render the rental income as little subject to fluctuation in respect of outgoings as possible. The method proposed by the landlords was to transfer to the tenants, through the service charge, the risk of fluctuation in the cost of items which should be executed by the landlords under the covenants. In return for the transfer of risk, the landlords were prepared to accept a fixed reduction in the rent.

On December 18 1978, Mr Justice Goulding granted a new tenancy on the terms put forward by the landlords. The tenants were unwilling to be the insurers of the risks of inflation and appealed. The Court of Appeal granted a new lease on the tenants' terms, taking the view that a short-term tenant was not adequately compensated by a small reduction in rent for the assumption of the financial risks implicit in the maintenance of the structure of an office block.

In section 35 of the Act, "have regard to" meant that when determining the terms of a tenancy, a court must begin by considering the terms of the current tenancy. The burden of persuading the court to impose a change in those terms against the will of one party must rest on the party proposing the change. The change proposed must be fair and reasonable in the circumstances, and the court should take into account, among other things, the comparatively weak negotiating position of a sitting tenant. The general purpose of the Act was to protect the tenant's business interests in so far as they were affected by the approaching termination of the current lease, particularly with regard to security of tenure.

The court must have good reason based on essential fairness to impose new terms on one party against his will, but subject to that, the discretion conferred on the court by section 35 was of the widest possible kind, having regard to the almost infinitely varying circumstances of individual leases, properties, businesses and parties.

His Lordship found that the Court of Appeal was entitled to interfere with the trial judge's exercise of that discretion on the ground, *inter alia*, that he failed to consider adequately whether it was reasonable under section 35 to impose the fluctuating burden on the tenant against his will in return for a fixed figure which would be calculated at the beginning of the new tenancy, and which would remain valid throughout.

In the case of an office block in multiple occupation the management of the exterior, the common parts, lifts, boilers and ancillary services, would ordinarily rest, by covenant, in the hands of the landlords. Some of those items were readily calculable or might readily be made the subject of insurance. Some might fluctuate enormously and the extent of fluctuation would ultimately only be ascertainable at the end of a lease.

Obviously it was to a landlord's advantage to transfer the financial risk of fluctuation to the tenant, and there was no reason why he should not do so if the tenant agreed. The crucial question was, if the current lease did not so provide, and the tenant did not agree, by what possible reasoning should the court impose the burden on the tenant as a condition of his receiving a new tenancy?

The transfer of the risk from a landlord to a tenant might be a perfectly legitimate negotiating aim for the landlord to entertain, but it was equally legitimate for the tenant to resist the change. The inference to be drawn from the authorities was that, under section 35, the party requiring a change must justify as reasonable a departure from the current lease. Where there was a dispute as to the terms of the new lease, the risk of fluctuation must *prima facie* lie where the current lease provided.

The appeal should be dismissed.

*

LORD WILBERFORCE agreeing, said that the general purpose and policy of the Act was to provide security of tenure for business tenants, but it did not provide protection from market forces.

The landlords' case for a shift in the burdens rested first, on the fact that in the present state of the London property market, a commercial freehold commanded a higher price if let on "clear leases"; and secondly, that new leases were now granted and accepted by tenants as "clear leases."

There was no obligation under section 35 to make the new terms conform with market practice if to do so would be unfair to the tenant. The court had to compare the advantage desired by the landlords with the detriment to be suffered by the tenants.

The character of the two parties' interests—the landlords' an indefinite one by freehold, and the tenants' a limited one over a comparatively short period—was such as to call for the assumption of long-term risks by the landlords. To transfer those to the tenants created a risk disproportionate to their interest. The tenants were being asked to bear all the risks of property management, which was a business they had not chosen.

The present distribution of burdens was freely and contractually agreed upon as recently as 1972. To recast it involved a serious departure from the terms of the current lease which should not be sanctioned by the court.

*

Lord Keith, Lord Scarman and Lord Brandon agreed.

*For the landlords: Ronald Bernstein QC and Benjamin Levy (Nabarro, Nathanson & Co.).*
*For the tenants: Derek Wood QC and Jonathon Gaunt (Ince & Co.).*

By Rachel Davies
*Barrister*

## RACING

BY DOMINIC WIGAN

IT IS NOT often that Fred Winter's Lambourn stable has to cope with competition from champion flat trainer Michael Stoute's Beech Hurst team. However, that is the case today at Huntingdon, where Winter's improving One Armed Bandit attempts to take advantage of a 10 lb concession from Steeple Bell.

Despite the weight advantage, One Armed Bandit faces a daunting task for not only does he have to cope with the Newmarket six-year-old—a facile winner from 21 opponents at Warwick over Christmas—but also the ever-improving Victory Hymn. The last named, trained by Winter's one-time assistant, Nicky Henderson, looks to be the each-way alternative for those who feel unable to separate the Stoute and Winter hurdlers.

Unplaced on his first two attempts over the minor obstacles, Victory Hymn then caught the eye with a much-improved display at Wolverhampton recently, where he looked like making his presence felt in a big field at 33-1 until lack of peak fitness found him out after the penultimate flight.

Whatever his fate with One Armed Bandit, champion jockey John Francome should score with at least one winner as he attempts to hold off Peter Scudamore's challenge this season. He has good chances on Carved Opal and Young Dusty.

My idea of the best bet from that pair is Young Dusky. A highly rated Irish importation, Young Dusky looked set to foil a gamble on Mirror Boy at Kempton early this month until he was worn down close to home. With Most Fun now an absentee from the closing division of the Stevenage Novices Hurdle, Young Dusky ought to have few problems, given normal luck in running.

Although Carved Opal has done enough in three recent outings to command respect in the Ward Hill Top Table Hurdle, I suspect that he may not quite be up to foiling the hat-trick bid of Weavers Point. An eight-lengths winner at Wincanton 12 days ago, Weavers Point had previously outclassed Besieged in a minor event at Leicester.

HUNTINGDON
2.00—Doctor Faustus**
2.30—Victory Hymn
3.30—Spin Again
4.30—Weavers Point***
5.00—Young Dusky

SEDGEFIELD
1.45—Sausolito
2.15—Summary
4.45—Mr Rafferty*

# TELEVISION

## Chris Dunkley: Tonight's Choice

An interesting evening starting at 7.00 with To Hell With Culture, Francis Watson's account of the life and work of Eric Gill, sculptor, typographer and controversialist and one of those people whose life and attitudes have a peculiar resonance which can reach even those who never knew them. In complete contrast at 9.00 BBC's Pot Black reaches the eighth frame in which Ray Reardon plays world champion Steve Davis. Arena also on BBC2 offers a programme about Roy Plomley's "Desert Island Discs" which has achieved immense publicity with its 40th anniversary.

It is at 9.25 that the serious clash occurs. BBC1's "Play For Today" is Willie's Last Stand, a play by Jim Allen, described somewhat unexpectedly as a comedy. Allen gave us "Days Of Hope" and only eight weeks ago the bleak and long winded "United Kingdom." Tonight's work is about a north of England building worker who wants "a chance to feel he's not past it"—hence presumably the not awfully subtle title. At 9.30 ITV transmits its recording of Kenneth Macmillan's Covent Garden production of his ballet Isadora which was due to be broadcast just before Christmas and was postponed. Merle Park dances the title rôle and Mary Miller speaks it. That's right, speaks it.

### BBC 1

6.40-7.55 am Open University (uhf only). 9.35 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. 3.25 Tomos A Titw. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grange Hill.
5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Tom and Jerry.
7.05 Dr Who, starring Peter Davison.
7.30 A Question of Sport.
8.00 Emery presents "Legacy of Murder."
8.35 Taxi: American comedy series starring Judd Hirsch.
9.00 News.
9.25 Play for Today: "Willie's Last Stand," by Jim Allen.
10.20 Sportsnight, featuring Football: England v Northern Ireland.
11.10 American Attitudes: Richard Kershaw talks to U.S. Defence Secretary Caspar Weinberger.
11.40-11.45 News Headlines.

### BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.55 pm Percy Edwards in The Old Boy Network.
4.35 Seapower.
5.05 Fou Ts'ong plays Chopin.
5.10 Lifetimes.
†5.40 Laurel and Hardy in "Laughing Gravy."
6.00 The Waltons.
6.45 News Summary.
6.50 Australian Film Season: "Caddie."
8.30 Russell Harty.
9.00 Pot Black 82.
9.25 One Man and His Dog.
10.05 Arena.
10.50-11.40 Newsnight.

### LONDON

12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News, with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus, presented by Mavis Nicholson. 2.25 A Lot of Happiness. 3.45 Welcome Back, Kotter. 4.15 Dr Snuggles. 4.20 On Safari. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London: Is London cracking up? What sort of capital will we be living in in 1992?
7.30 Max Bygraves—Side by Side with Jimmy Tarbuck and Tony Jacklin.
8.00 The Glamour Girls.
8.30 Top of the World presented by Eamonn Andrews.
9.00 News.
9.30 "Isadora."
11.30 Kaz.
12.25 am Close: Sit up and Listen with Robert Kilroy-Silk MP.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

**ANGLIA**
12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does the Team Think? 6.00 About Anglia. 7.00 Peterborough Festival of Country Music. 11.30 The New Avengers. 12.30 am Tuesday Topic.

**BORDER**
1.20 pm Border News. 3.45 Does the Team Think? 5.15 Radio. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 Border News Summary.

**CENTRAL**
12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does the Team Think? 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 11.30 Central News. 11.35 Butlins' Grand Masters Darts Championship, presented by Dave Lanning and Gary Newbon. 12.05 am Tuesday Jazz and Blues: Tom Waits—composer, vocalist and pianist.

**CHANNEL**
12.30 pm Bygones. 1.20 Channel Lunchtime News, What's On Where and weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 9.28 Channel Late News. 11.30 Danger UXB. 12.30 am Commentaires et Previsions Meteorologiques.

**GRAMPIAN**
9.30 am First Thing. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Does the Team Think? 6.00 North Tonight. 7.00 The Two Of Us. 11.30 The Monte Carlo Show. 12.30 am North Headlines.

**GRANADA**
1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 3.45 Does the Team Think? 5.15 Diff'rent Strokes. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 11.30 Ladies' Man. 12.00 Late Night from Two.

**HTV**
12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Arthur of the Britons. 7.00 Emmerdale Farm. 9.28 HTV News. 11.30 The Amazing Years of Cinema.
HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Trebetiau. 4.15-4.45 Camigam. 5.10-5.20 Mr Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales. 11.30-12.00 Survival.

**SCOTTISH**
12.30 pm Bygones. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does the Team Think? 7.00 Private Benjamin. 9.30 TSW Late News. 11.30 Danger UXB. 12.30 am Postscript. 12.35 South West weather.

**TSW**
12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show. 3.45 Does the Team Think? 5.10 Trivial Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 11.30 Late Call. 11.35 Ladies' Man. 12.05 am 1982 Butlins' Grand Masters Darts.

**TVS**
1.20 pm TVS News. 3.45 Does The Team Think? 5.10 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (cont.). 7.00 The Magic Carpet. 11.30 Vegas. 12.30 am Company.

**TYNE TEES**
9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riordans. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 11.30 The Two Of Us. 12.00 Judaism—"The Jewish Way of Life."

**ULSTER**
1.20 pm Lunchtime. 3.45 Does the Team Think? 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 9.29 Ulster weather. 11.30 News at Bedtime.

**YORKSHIRE**
12.30 pm Does the Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Beacon. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Barney Miller.

# RADIO

(S) Stereophonic broadcast
‡Medium wave

**RADIO 1**
5.00 am As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).
VHF Radios 1 and 2—5.00 am With Radio 2. 7.30 John Dunn (cont. from Radio 2 Medium wave) (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

**RADIO 2**
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (cont. on VHF only from 7.30 pm) (S). 7.30 Soccer Special: England v Northern Ireland. 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 One Man's Variety with Colin Crompton. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

**RADIO 3**
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (cont.). 9.00 News. 9.05 This Week's Composer: Bernstein (S). 10.00 Telemann, Delius and Geoffrey Bush: Vocal and instrumental recital (S). 10.55 Mendelssohn string quartet recital (S). 11.25 British Piano Music (S). 12.15 pm Lunchtime Prom, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Lunchtime Prom, part 2 (S). 2.10 Janet Price song recital (S). 2.50 Trevor Pinnock Harpsichord recital (S). 3.20 Piano Quartets (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 To Hell with Culture (S). 7.45 BBC Scottish Symphony Orchestra Concert, part 1: Beethoven, Haydn (S). 8.25 Interval Reading. 8.30 Concert, part 2: Stravinsky. 9.00 Bavarian Royal Wedding of 1568 (S). 10.20 Writers' Spouses (talk by Francis King). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Two Cimbaloms (S).

**RADIO 4**
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. 8.35 Yesterday in Parliament. 8.58 Weather. 9.00 News. 9.05 Tuesday Call: Local Government. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Thirty-Minute Theatre. 11.05 Morning Story. 11.00 News. 11.05 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather, programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Bleak House by Charles Dickens (S). 4.00 Ebdon's England. 4.15 Pacific Odyssey. 4.45 Story Time. 5.0 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Brain of Britain 1982 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Animal Language (S). 8.20 The Countryside in February. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Legal, Decent, Honest and Truthful (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

# THE ARTS

Covent Garden

## Fischer-Dieskau

by RONALD CRICHTON

Even a faithful Straussian might quail at the prospect of a whole recital of his *Lieder*. With obvious exceptions a big group of Strauss songs in an ordinary performance may make an amorphous impression—pleasing but individually unconcentrated, unmemorable, thrown off as by-products of the main, operatic business. Now comes Dietrich Fischer-Dieskau, tireless illuminator not only by virtue of his art but of his methodical, effective curiosity and suddenly, with disarming completeness, changes one's viewpoint.

Silvered and slimmer, this most youthful of music's elder statesmen sang and acted his way through a programme of 20 songs in two groups with one interval, applause between numbers politely discouraged, and followed this spread with three encores of the great favourites (yes, "Traum durch die Dämmerung," "Ständchen," and "Morgan") and two more for good measure. The voice has lost some of the velvet warmth but remains an instrument of extraordinary potency and expressiveness. Not a suspicion of the foggy woof that sometimes affects German baritones much younger than Fischer-Dieskau. The power of sustaining a quiet legato line seems actually to have increased rather than diminished.

"Sang and acted"—Fischer-Dieskau unabashedly made bis points not only with tone and word (diction peerless, not exaggerated) but with stance and *facial gesture—pointed*, perfectly timed, skirting coyness once or twice by a hair's breadth but definitely avoiding it. In a valuable way the performing style threw light on the *usually* unexplored connection between Strauss's songs and his operas. However brilliant and elaborate their writing, there remains something domestic about the songs. Perhaps that is why one was ever and anon, by manner more than matter, reminder of *Intermezzo*.

The main programme ended with three of the *Krämerspiegel* cycle of 1918, in which Strauss armed with sharp verses by the Berlin critic Alfred Kerr, sniped at the music-publishing fraternity. Would there were room to detail more of the flood of lyrical and humorous delights. But there must be a word for the most accomplished young accompanist, Hartmut Höll, performing prodigies of attentive delicacy and musical intelligence, as well suited to *this programme* as Fischer-Dieskau's unquenchable, still evolving musicianship.

Festival Hall

## National Symphony

by RICHARD JOSEPH

Few orchestras touring abroad risk any novelty, so the *National Symphony Orchestra* of Washington should be commended for including the world première of Walton's *Prologo e Fantasia* in their concert on Saturday night. Though Walton's slender output has long been accorded classical status, the Orchestra and their conductor, Mstislav Rostropovich, took some risks—both in economic terms and in the availability of rehearsal time—introducing this short work while on the road.

Handelian double-dotted rhythms launch the *Prologo*, strings bouncing between wide chords and strong unisons with striking confidence. The following *Fantasia* is cast in a more predictable but nonetheless *winning mould*, with a false fugue ending the work in a broad affirmative manner that nicely counterbalances the opening. Though Prologo e *Fantasia* tells us nothing new about Walton's creative personality, the assurance with which he handles his orchestra is everywhere apparent. All the ideas sound, and felicitious moments, such as concentrated violin trills reinforced by trumpets at the conclusion, abound.

Rostropovich's decision to found his string section on ten double basses and swap over the seating between cellos and violas, allowing the cellos to play directly into the Festival Hall, gave the lowest lines of Beethoven's Eighth Symphony unusual prominence. The large string band easily outweighed the un-reinforced winds both in loud and quiet passages; bassoons and clarinets were only clearly audible *during* solo passages. This balance, coupled with expansive, almost deliberate *speeds*, gave the music a serious, weighty feeling quite out of keeping with current interpretive ideas about this symphony. But Rostropovich made these decisions with conviction, and backed them up with expressive phrasing and a sure idea of the music's progress. His was a singular reading, far removed from the mainstream Beethoven tradition, but so were Mengleberg's and Stokowski's, and they were none the worse for it.

The conductor's conviction also carried the day in a roughly played, passionately performed reading of Shostakovich's Fifth Symphony. Here the wind was more audible, not always to their advantage. The unpredictable intonation of the flutes and rough hewn delivery of the horns keep this orchestra out of the top rank of American *ensembles*. Though the National Symphony showed signs of improvement under Dorati's directorship, precision of attack and exactness of intonation have definitely suffered lately. Some may consider the colour and scope of Rostropovich's conceptions compensation enough. But he appears to operate as an enlivening guest conductor, not as a patient, disciplined orchestra builder. Interpretively, the meagre and bathetic ideas of Shostakovich's scherzo and finale need far more careful marshalling of timbre, dynamics and tempi in order to sound better than they are.

Whitworth, Manchester

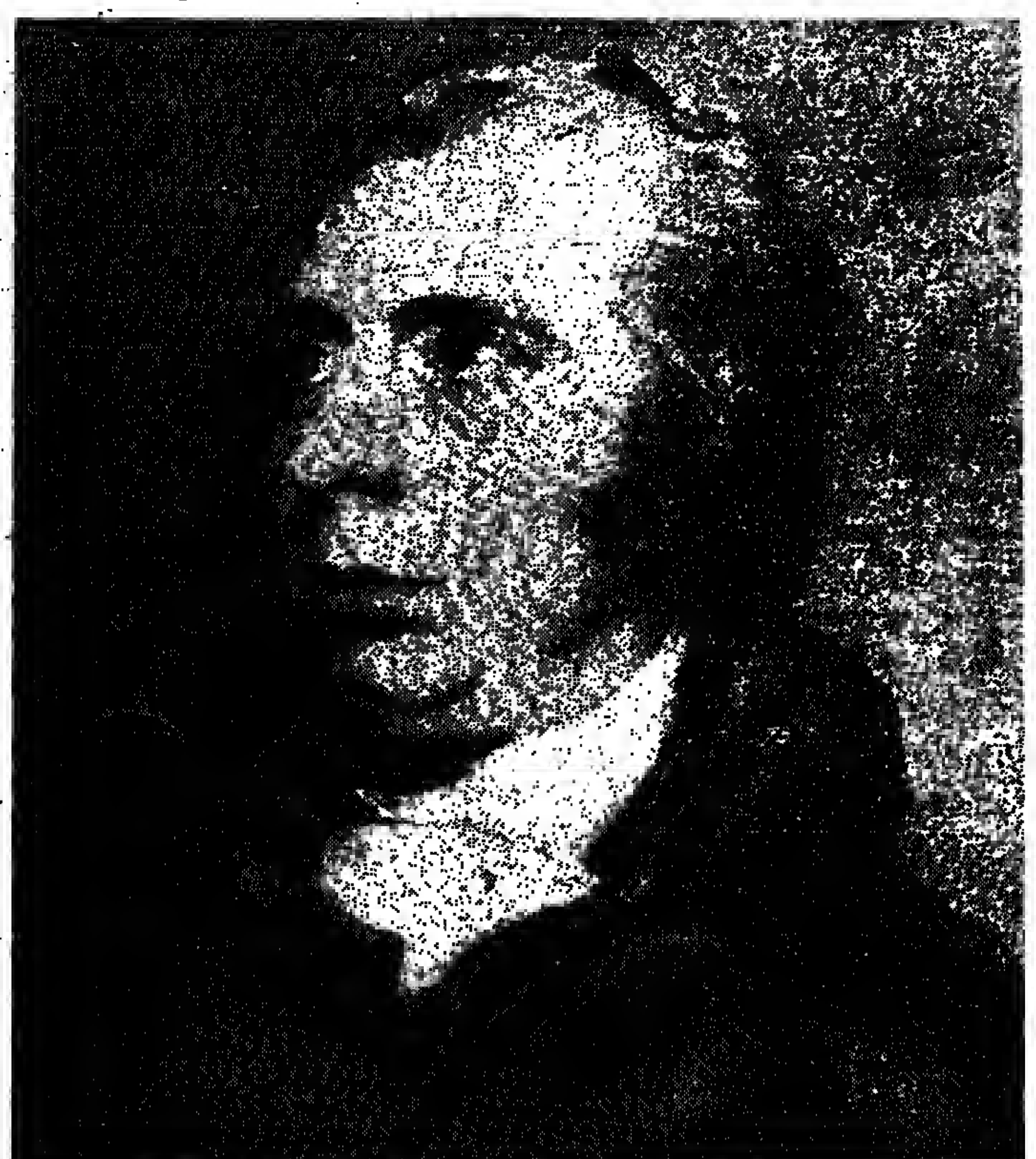
## The arrogant connoisseur

by DAVID PIPER

In 1975, the Inland Revenue accepted from the Kincaid-Lennox estate, in lieu of duty, one of the most remarkable, indeed extraordinary, portraits that Sir Thomas Lawrence produced in his long and brilliant career; the sitter was Richard Payne Knight. The Government allocated the portrait to the Whitworth Art Gallery in Manchester, and there (until April 3), the gallery has arranged an exhibition about it that is a model of instruction, entertainment and sheer pleasure for the eye.

It is titled *The Arrogant Connoisseur: Richard Payne Knight 1751-1824*. Lawrence's image of Payne Knight, when shown at the Academy in 1794 (when the precocious prodigy of a painter was only in his twenty-fifth year) startled the public — "an irascible pedagogue *explaining Euclid* to a dunce" was one comment. The sitter, his hands eloquent on a huge open folio in his lap, glares up as if apprehending some supranatural revelation from above. Eyes bulge, nose thrusts, and from the glistening red pout of the lower lip a cascade of chins falls to the foam of his white stock. The expression indicates that whatever the revelation may be, it will have to declare itself as friend or foe, and if found wanting, will be dismissed with contumely. Payne Knight's judgment will be final — but, however, necessarily correct.

Lawrence's portrait features, on the right, part of a bronze vessel, with handles that its owner thought "worthy of the time of the Macedonian Kings." The pot itself appears at Manchester, close by. The catalogue remarks discreetly that "the antiquity of both vessels and handles is now doubted."



Detail from Richard Payne Knight by Thomas Lawrence

Payne Knight is no longer a name that stirs echoes in many memories. He is indeed most often cited as the one authority who deplores the arrival of the Elgin marbles in 1806, and castigated their poor quality. He is believed never to have reversed his judgment, but he was never one for a U-turn, bolding to his opinions right or wrong in resonant polemics.

He came from a fairly newly rich family of ironmasters in Shropshire; he was largely self-educated but immensely widely read, and various in his interests—a versatility brilliantly reflected in the exhibition. A devoted member of the Dilettanti Society, he was an outstanding practitioner in the creative concerns of that highly civilised sodality.

As landowner, he opened up new possibilities for the country seat. The castellated mansion, Downton Castle, that he built for himself, presented a silhouette of novel irregularity in comparison with earlier Palladian symmetries. The riverscape beneath it was thickly wooded and rugged, a counterblast to the current conventions of the bland lawns with the significantly posed clump of trees, the smooth serpentine lines of rise of ground and of meander of water, that had been generated by Capability Brown.

A delightful sequence of watercolour views of the setting of Downton, by Thomas Hearne, records the result. In another sequence of drawings, by Charles Gore and the German J. P. Hackert, another Payne Knight exercise in a most proper Dilettanti vein is reconstructed: his expedition of a pioneering one that early—round the antiquities of Sicily in 1777, measuring and recording from different view points the ruins of Segesta, of Selinus and Agrigentum climbing "thro' bare Cinders and fragments of Lava" to the crater of Etna at midnight, finding it live with flame and smoke and "a Noise which gave me some idea of the floods and whirlwinds of tempestuous fire that rage beneath...." This display follows on the recent discovery of Payne Knight's diary in the Goethe archive at Weimar.

The exhibition witnesses also to his scholastic ventures—his attempt to sort out the Greek alphabet with special reference to Homer was one. A formidably energetic exercise, even if described by a modern authority as "able though perverse," "acute but undisciplined" (not a bad summary of this toughly independent, unrepentantly eccentric character). The technically brilliantly executed publication of his investigations into the worship of Priapus is an aspect illustrated in the exhibition without fudging but with a tactful matter-of-factness that I doubt disturbed unduly a party of Brownies that I was told visited the gallery a few days earlier than I.

It might be argued that this kind of exhibition seem grist for the specialists, and that it might be better surveyed and recorded in a learned monograph. The spectacle of Payne Knight splitting hairs with the vigour of an axeman with his old friend and rival Uvedale Price, as to the niceties of the definition of the Picturesque, might seem strictly for the specialist birds. The Whitworth show, however, succeeds in having it both ways.

One way is the catalogue, edited by Michael Clarke and Nicholas Penny, in effect a monograph with a fairly summary catalogue tacked on; the introductory essays, by several hands, constitute however a contribution to the history of taste at the turn of the 18th century that must have lasting value, and is fairly comprehensively illustrated. The other way is the visual quality of the show itself. This is deployed through the open spaces of a gallery which, though it may be small, is one of the most seductively contrived in all Britain, hung for this occasion with excellent tact and an exact command of intervals.

But this professional expertise has a crucially rewarding quality on which to draw for the objects which it displays, and that is the extraordinary sensitivity of Payne Knight's eye — on the fact that he was an inveterate collector, and that he rewarded the British Museum which made him a trustee, by striking out the Royal Academy in his will, and leaving all his drawings to the Museum, which has lent to the exhibition with a generous copiousness. Maybe Payne Knight slipped up about the Elgin Marbles, but I know people who would hand them back to Greece happily if there was any question of his 273 Claude drawings that came to the BM having to go back to France instead.

There are the Rembrandts—whom Payne Knight, impatient of rules, admired above all — the Rubens, the Cozens, Van Dyck, Carracci — even, unexpectedly, a most seductive Watteau. Selections from these make this a rare delight for Manchester. Again Payne Knight may have gone rather inexplicably (to us) overboard for the sweet-soft fancies of Westall in oils, but he bought some astonishing pictures. The formidable late Rembrandt of *St Bartholomew* has flown across the Atlantic, but, most notably among the Dutch pictures present at Manchester a rapt head of a girl, by Sweerts, recalls Vermeer, while Ruisdael's *The Silent Pool* must be one of the most hauntingly evocative of all that great painter's visions. And then there is the classical side — coins, sculpture and even the 18th-century or earlier pastiches or fakes, chosen by that furious bulging eye, pace the Elgin marbles, with a sure feel for quality.

### 'Agrippina' opens Kent Opera's spring season

Kent Opera's spring season opens on March 11 at Tunbridge Wells with a new production of Handel's *Agrippina*, sponsored by Sainsbury's. This is claimed to be the first fully professional production of the opera in this country altogether it has been performed in Europe both in the 18th and 20th centuries.

*Agrippina* also marks the début with Kent Opera of the Hungarian conductor, Ivan Fischer, and the beginning of a new sponsorship of the company by Sainsbury's.

ICA

## Arditti Quartet

by ANDREW CLEMENTS

We should by now be used to challenging, unexpected things from music at the ICA, but Sunday Night's programme by the Arditti Quartet exceeded all expectations. If the Arditti's reputation in Britain at least was not firmly fixed, it must be after this; string quartets by Nono, Ferneyhough and Carter were played, not merely with stunning accuracy but also with enormous passion and commitment and an unfailingly beautiful sound. For once a string quartet tackling contemporary music had regarded playing the right notes at the right moment as only a starting point; prepared a performance rather than an aural transcription.

Brian Ferneyhough's second quartet is dedicated to the Arditti. They gave the first public performance at the Venice Biennale in October 1980 and a tape of a studio performance was broadcast on Radio 3 later the same year. The work continues to seem highly impressive; as on that first hearing it stands as one of Ferneyhough's strongest works, arguably the finest that has yet been performed in Britain.

*Pace* the composer's programme note, which talked of "that deliberate absence at the centre of musical experience which exists in order that the listening subject may encounter himself there," and like-minded matters, the quartet has a directness in its surface geatures that could presage a new phase in Ferneyhough's development. The labyrinthine structure is now buried deep underground and supports a glistening, sensuous web of sound, a mesh of everchanging textures and tempi. It lasts 12 minutes and discharges prodigious quantities of emotional and physical energy; next week the Arditti's stunning performance is to be recorded by RCA.

The Ferneyhough was followed by Elliott Carter's third quartet. The group uses the taped "click tracks" that have become a handy way of keeping the network of tempi in the piece tightly co-ordinated. The use of the mechanical devices seems to me a mixed blessing. It enables a quartet to produce the immaculate ensemble and secure intonation which characterised Sunday's performance, but at the same time places the performers in a metrical straitjacket which they cannot escape even for the highly expressive solo episodes which punctuate the work.

In comparison with performance on record by the Juilliard Quartet (made without the use of click tracks, but only after a year of rehearsals) the Arditti seemed a little stiff and uncompromising. The work is hard enough to absorb, without the music being aggressively thrown at you as it was at the ICA, partly because of the dryness of the hall, and partly because of the unstoppable progress of the music. If the Arditti could now go on to play the work without the electronic metronomes their performance *could* become even finer.

In complete contrast to the fury of Ferneyhough and Carter, the programme had begun with the first British performance of Luigi Nono's *Fragmente-Stille, an Diotima*. It lasts almost 35 minutes and was written in 1979 and 1980 for the Bonn Beethoven Festival and first played there by the La Salle Quartet. The version played by the Arditti is the result of several revisions. We get so little chance to hear Nono's recent music it's difficult to relate *Fragmente Stille* to its predecessors, but certainly it marks a decisive break from the densely-packed, unidirectional scores that Nono produced in the 1970s. The Quartet is riven with homages: to Beethoven, and most specifically and explicitly to the poet Hölderlin, *quotations from whose poems* are inscribed over every section of the score.

The fragments of text, says the composer, "must in no circumstances be read the performance; be understood as programmatic, naturalistic indications for performance, but as manifold moments, thoughts, silences, 'songs' of other spaces and other heavens." Certainly the music has no need of the literary props. Its mood is quiet and reflective, thinly scored, erupting occasionally into flurries of activity or freezing into static clusters of harmonics. The whole (52 tiny sections) coheres magically. It demands repeated hearings, preferably played by the Arditti, who seem to have absorbed the music into their very souls.

Hammersmith Palais

## The Teardrop Explodes

I've always wanted to like The Teardrop Explodes, the band from Liverpool which brought a refined and imaginative freshness to popular music, exploiting keyboards but not drowning in computerised sound, and using lyrics which were surprising without being pretentious.

But the band strained my goodwill at the Hammersmith Palais on Sunday. Julian Cope, the singer and composer, can surely be individualistic without patronising the audience. He may have been having an off night vocally but this should have pushed him towards greater efforts in showmanship. Instead he created a low key evening, making the songs sound more repetitive than they are, and displaying extraordinary egoism in his conversation.

There were moments of liveliness, mainly contributed by the brass section backing the band, and songs like "Treason" and "Reward" are fine by any standard, if a little brittle. But a packed Palais deserved more. The days when groups could craft excellent albums and then drift through concerts are over.

Adding a touch of unreality to the evening was the support, The Ravishing Beauties, three classically trained young ladies who escaped unscathed with a set that would have caused a riot in tougher times. Interpretations of "Greensleeves" and much deft work on the flute added an escapist touch. The shrewd in the audience might have taken the message then.

ANTONY THORNCROFT

## THEATRES

CONTINUED ON PAGE 8


# FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester)

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Guiollettstr. 54, D-6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 7598-0. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 157.

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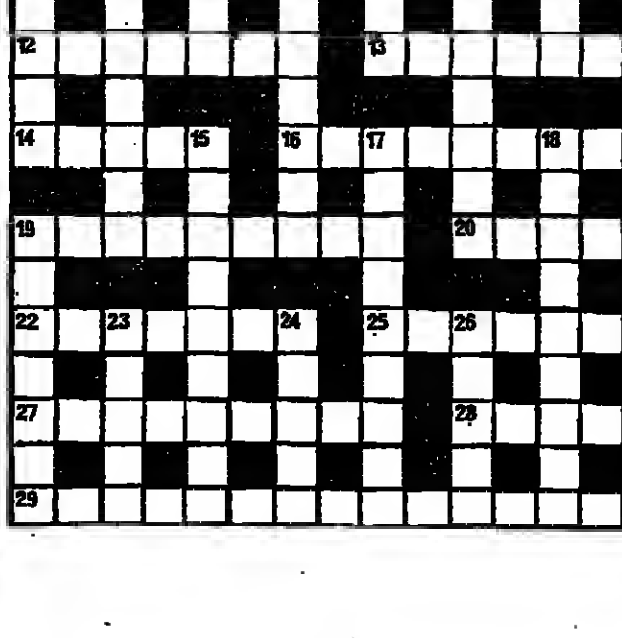
## F.T. CROSSWORD PUZZLE No. 4,805

ACROSS

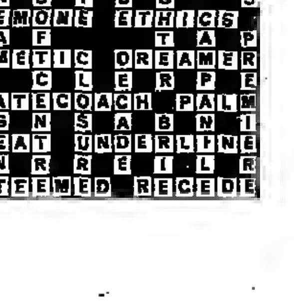
1 Follow clergyman and senior politician out of office (6, 8)
10 Stage projection requiring protective clothing (5)
11 Leaving the ground and mimicking (6, 3)
12 Samuel's giant (7)
13 Spike airman and he will be in pain (7)
14 Type of water that's a medicine (5)
16 A means of signalling that's not at all difficult (4, 5)
19 Dried peas incorrectly and abandoned hope (9)
20 Wind in and out to produce fabric (5)
22 Gain advantage from a kindness (7)
25 Abide accepting the first of us and the remainder (7)
27 All of one's customers make dependant mature (9)
28 Remit in return for watch (5)
29 Do they never forget their luggage, or is it only a part of them individually (9, 5)

DOWN

2 A difficult school imposition? Bad luck! (4, 5)
3 Go and change positions in gully (5)
4 Take care of guard when his spell of duty is finished (5, 4)
5 Give a hint of what one may write with to the French (5)
6 A feeling of warmth from interior luminosity (5, 4)
7 Broke up riot with a note from old Greek citizen (5)
8 Send back to meditate (7)
9 Grub the long-tailed titmouse caught . . . (6)
15 . . . and bird with husks of corn to move by slow degrees (9)
17 Unmounted and without an added clause (9)
18 Soldier escorts another soldier (9)
19 Girl coming out with intricate lace creates a stampede (7)
21 Open air platform with steps in annexed ranch (6)
23 I pry around a row (5)
24 Mark's second old couple (5)
26 Biblical desert demon brooded over a year (5)



Solution to Puzzle No 4,804



FINANCIAL TIMES
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Tuesday February 23 1982

# Belgium takes the plunge

THE DEVALUATION of the Belgian franc decided after Sunday's finance ministerial wrangling in Brussels marks a watershed not just for Belgium but for the whole of Europe.

The 8.5 per cent devaluation against other members of the European Monetary System — announced along with a 3 per cent lowering of the Danish krone — is Belgium's first formal devaluation since 1949.

### Return

The decision by the government of M Wilfried Martens thus represents more than simply a defeat for the tenacious efforts of the country's central bank to defend the exchange rate above all else.

The move finally to bow to the forces of the currency markets — after years of recurrent foreign exchange crises and a huge drain on Belgium's reserves — also appears to indicate, symbolically at least, a return to an era where devaluations were regarded as the key to export-led recovery.

Belgium is arguably a special case. The government has bought its relatively modest inflation rate through years of adherence to a "hard currency" policy. The sacrifices are only too apparent: the highest unemployment rate in Europe, mounting social unrest and a soaring current account deficit.

The devaluation has not been carried out hastily. It appears to have been in line with recommendations the government was receiving informally from the International Monetary Fund. And it has been complemented by a domestic austerity package to dampen down inflation.

### Risks

Nonetheless, now that Belgium has taken the plunge, the French Government in particular, which has launched a reflation programme to deal with unemployment but is pressed by an export industry complaining bitterly about reduced competitiveness, is certain to face growing demands to follow the Brussels example.

After all, both France and Italy devalued their currencies by the same effective amount as Belgium in the last EMS realignment in October, but are running inflation rates roughly double Belgium's 8 per cent.

The Belgian devaluation coincided with the retirement from office of the long-serving M Cecil de Strycker, the governor of the Belgian National Bank, who had made the battle against devaluation almost his life's work.

The Martens Government is well aware of the risks it faces. The austerity measures outlined at the weekend to complement devaluation—a curb on pay increases through changes in the country's wage indexation system, and a temporary pay freeze—are essentially aimed at lowering employees' real incomes and increasing company profits.

If the government succeeds, against the trade unions' will, in modifying wage indexation, then the devaluation may not after all trigger off higher inflation—especially if oil prices remain weak.

### Forebodings

On the other hand, if the Government fails to win the forthcoming battle with the unions, M de Strycker's gloomy forebodings about the inflationary dangers of devaluation in Belgium's highly open economy will have been vindicated.

There are also risks for the EMS itself. The departure of the Belgians from the "hard" centre of the EMS has reduced the system's "kernel of stability" to just two countries — West Germany and the Netherlands. Now that one country has succeeded in devaluing unilaterally by such a high percentage—even though less than the 12 per cent Belgium was originally asking for—exchange market speculation may be increased on the expectation that large changes will also take place in the future. This was not one of the small, timely adjustments which leave no room for speculative profit.

Certainly the co-operative atmosphere in which the exchange rate changes were worked out show that the EMS still allows European currency decisions to be made in a spirit of political cohesiveness. That, however, does not lower the significance of the fundamental lesson of the weekend: that membership of the EMS offers no magic solutions to obstinate internal problems in member countries.

# A new rival for British Telecom

THE BRITISH Government's policy of exposing the monopoly nationalised industries to new sources of competition was taken an important step further yesterday with the announcement that a 25-year licence had been granted to the Mercury consortium to establish an independent telecommunications system. The partners in the consortium — Cable and Wireless, British Petroleum and Barclays Merchant Bank—intend to set up a national digital network for voice and data transmission, based extensively on fibre optics and aimed particularly at large business customers. In permitting the entry of a new network the Government is hoping both to stimulate demand for telecommunications services and to provide an invigorating breath of competition for the established supplier, British Telecom.

The framework for yesterday's announcement was created by last year's British Telecom Act. It produced what Ministers described as a "half-way house between the U.S.-style free market controlled by a regulatory authority and a plethora of litigation and the corporatist or national monopoly solution which holds sway in Europe." The idea was that users of telecommunications services and suppliers of equipment should no longer be faced by a "monolith with monopoly privileges."

One purpose of the Act was to liberalise the supply of attachments to the telephone system, so that manufacturers of telephones and other terminal equipment would be free to sell their products to customers and have them connected to the national network. A second, relatively uncontroversial element was to permit the development of so-called "value-added" services for example, electronic mail—on lines leased from British Telecom.

### Damaging

The third element in the Act—the creation of network competition—has been seen by British Telecom as potentially the most damaging for its own operations. Its main argument has been that economies of scale will be forfeited and that this could lead to a degradation of the national network as profitable traffic is creamed off by rival networks. Professor Michael Beesley, whose report at the beginning of last year provided the basis for the new legislation, did not accept that British Telecom had a "natural monopoly" which for economic and technical reasons had to be kept intact. Quite apart from the widening of consumer choice and the stimulus to innovation which would result from the licensing of competing networks, Professor Beesley thought it possible that a new entrant might have lower costs than those associated with extending BT's existing network.

### Importance

The number of potential entrants which have such cost advantages is bound to be limited; the licence for Mercury does not herald a rash of new applicants for licences of this kind. But the importance of the move should not be under-estimated. It has been too readily accepted in the past that certain public services had to be operated as monopolies. Indeed even in the U.S., American Telephone and Telegraph used to argue strongly that a monopoly telephone system—albeit owned by private investors rather than the Government—was in the national interest. Over the past few years it has been forced to come to terms with new entrants. The recent anti-trust ruling greatly extends the scope of competition in the U.S. telecommunications industry. The effect of these changes has been to put new pressure on the monopolist to improve its efficiency and the quality of its services.

There are still a good many administrative problems to be sorted out, including the precise commercial relationship between Mercury and British Telecom and, more generally, the establishment of appropriate regulatory arrangements for the newly liberalised telecommunications industry. But the steps the Government has taken so far are very much in the right direction. Arguments based on the concept of natural monopoly need to be looked at sceptically not only in telecommunications, where special technical factors apply, but in other public services. Unnecessary monopoly privileges should be dismantled wherever it is feasible to do so.

SOUTH AFRICA'S RECESSION

# The long shadow of gold

By J. D. F. Jones, Johannesburg Correspondent

THE South Africans, or at least the Afrikaners, tend to have a low opinion of the outside world. There are historical reasons for this, which is why the "laager" of covered oxwagons has been such a good metaphor for their lonely defiance.

Yet however robustly they fight off diplomatic and political onslaught, their defences can be no proof against the world economic cycle. Just about now, the assegais of international recession are starting to rain into the laager, and there's going to be bloodshed.

The recession has been an unconscionable time arriving in the Republic but the evidence is now clear. The South African business cycle traditionally runs a couple of years behind that of the industrialised West. Now, the combination of sluggish export markets, persistently strong domestic demand, high interest rates, imported inflation and, above all, a gold price stranded below $400, has produced the twin problems of a large balance of payments deficit and an awkward shortfall in Government revenue.

It may be no more than—in the words of the Governor of the Reserve Bank, Dr Gerhard de Kock—"a serious transitional economic problem." But the results this month have included a hasty mini-budget (including an import surcharge), the "swapping" of 3m ounces of gold to bolster the foreign exchange reserves, recourse to the IMF for a R223m (£403m) standby credit, and a restructuring of interest rate regulations which allow interest rates to move up more freely.

### Despondency may have a deeper justification

Not surprisingly there is also a lot of despondency about the next 18 months.

On the other hand, this despondency may have a deeper justification because the distortions that apartheid imposes on the economy work at various levels. The battery of controls — for example on the physical movement of blacks, on the mobilising of labour irrespective of race, on the quality of education of the majority, to name just three — must inevitably hamper the proper development of South Africa's wealth, as businessmen constantly reiterate.

But the latest difficulties of the Exchequer are a reminder that the sheer cost of the system (and of its defence) is also such a problem that it has to be asked whether even South Africa can afford apartheid.

The situation can be summed up in a few figures:—

- In 1980 the South African economy grew at a rate of over 8 per cent. In 1981, the growth rate fell back to 4.5 per cent. There is now serious talk of zero growth this year, or at very best 2 per cent.
- In 1980 the current account of the balance of payments was almost R3bn in surplus. For 1981 (the final figures are not yet available) the Finance Minister is prepared for a deficit of something close to R4bn, ie, a turnround of R7bn.
- The Consumer Price Index climbed 13.9 per cent in 1981. Few economists expect it to fall more than fractionally this year.
- In 1980-81 the South African Exchequer budgeted for a deficit of R288m before borrowing. In 1981-82 the equivalent figure was estimated at R2.8bn. Before last week's emergency measures the Standard Bank forecast a 1982-83 budget deficit, before borrowing, of R4.9bn.
- In 1980 the average price of gold was $614 per ounce. In 1981 the average price was $460. So far in 1982 the average has been $382. It is not easy, even around the waterholes of Johannesburg, to find many businessmen who are expecting a dramatic recovery, at least not this year.

This last point is of course particularly important because the South African economy responds like a big dipper to changes in the gold price. When gold quadrupled in the early 1970s after the abolition of the official price, South Africa, which produces 70 per cent of the Western world's gold, boomed. The decline in the mid-1970s threw the economy into reverse.

Gold is the country's biggest export earner—51 per cent of export earnings in 1980. The rule of thumb used to be that every $10 change in the (average, annual) gold price is equivalent to $220m in foreign exchange earnings. However, the full impact on the balance of payments over the past year has been cushioned—deliberately—by the fact that the Reserve Bank has allowed the Rand to depreciate against the dollar by a total of 24 per cent.

In the peak year of 1980 (when the gold price at one point nearly touched $850 per ounce), gold exports were worth R10.4bn, but the Chamber of Mines estimates that in 1981 they fell to R8.6bn. Meanwhile, the foreign trade account for the first 11 months of 1981 was showing a deficit of R436m compared with a surplus of R5.3bn for the same period of the previous year.

Nor was gold the only problem. Diamonds had, of course, a disastrous year, and imports were nearly 30 per cent up. The saviours were coal, whose exports rose from R1.49bn to R2.04bn earnings, and maize.

But the gold price has a similarly dramatic impact on the Exchequer. According to a complex formula system of taxes and leases (which gives the state a share in profits), the gold mines make an important contribution to the Republic's revenues. Thus, in the comparatively depressed 1976-78, tax and lease payments accounted for only 6 per cent of total state revenue, whereas by 1979-80 the percentage was 13.6 and in 1980-81 the gold mines' contribution reached a record 27.3 per cent.

Put in another way, the industry accounted for R3.6bn of state revenue in 1980-81 which will fall to R2.1bn in 1981-82. Set against a total Government revenue of R13.8bn this shortfall would by itself force a finance minister to look for new tax sources.

Looking ahead, the scale of the dilemma has been illustrated by the Standard Bank, which recently estimated that if the average price in 1982-83 were $400 an ounce (and with an unchanged exchange rate), tax and lease payments would bring the government R1.46bn and in turn lead to a budget deficit before borrowing of R4.9bn. (This calculation was made before Mr Owen Horwood, the Finance Minister, last week raised R600m from an increase in General Sales Tax and another R550m from a 10 per cent surcharge on about half of the country's imports).

The weakness of the gold price might also begin to give the mine managers restless nights. There is of course no such thing as a uniform production cost in South Africa's gold mines—conditions vary so much that the "cost per ounce" ranges from $110 (for example, Driefontein Consolidated) to $417 (at Elandsrand).

There has for years been a formula for state assistance to the marginal mines. No mines needed it in 1980 but in 1981 it came into operation for four or five of the marginal operations. Last week the first casualty was announced — the small independent mine of Witwatersrand Nigel is to be closed down.

The principal danger to the industry is that costs are rising rapidly and are not readily controllable. In 1971, for instance, the average working cost per tonne milled was R7.98. Ten years later, in 1981, it was R41.89 (not the least reason for this was a 245 per cent increase in real terms in black wages).

Not surprisingly, part of the mines' response to the high price of 1980 has been to mine the lower grade ores and so extend the life of the mine. (For example, in 1970 the average grade ore was 13.5 grammes of gold per tonne milled, in 1981 this figure had fallen to 6.92 grammes per tonne). But this trend can be expected to be reversed if the price does not rise again.

No one is suggesting that the present situation is desperate. Perhaps, if the price does not recover, more mines may have to close in a few years' time. Major expansion plans are presently under way but most of them are based for viability on a conservative calculation of a $300-$350 price.

It is tempting to declare that economic forecasting in South Africa is a mug's game: so much depends on the gold price. The respected Bureau of Economic Research at Stellenbosch University based its forecast for 1982 on a $460 price. The Government Economic Development Programme assumes $1,000 by 1987. Dr Horace Brock, an American gold price consultant, recently gave a 60 per cent "probability" to that last figure.

So the Finance Minister and his colleagues are very much at the mercy of factors outside the laager. In drafting his March 24 budget, Mr Horwood will be aware of the danger of over-depressing an economy which is already showing signs of a downturn (tha main problem seems to be to decide whether domestic demand has at last run out of steam).

A consensus seems to be emerging that it may not be possible to reduce the revenue-expenditure gap adequately without—in the Standard Bank's phrase—"a drastic reappraisal of state spending." But it is an open question whether the present Cabinet—and Mr P. W. Botha, the Prime Minister, who straddles conservative and reformist factions—are prepared to face up to this.

Government spending is already 20 per cent higher than last year. Defence—the Treasury officials admit that it is not always easy to control the spending of generals who have the Prime Minister on their side—is going to overrun its R2.5bn budget. Police, education and justice are also certain to overspend.

Looking ahead there is a host of further demands whose refusal would threaten profound political consequences. The white civil service, for instance, is undermanned and demoralised and will have to be given more than 15 per cent to avert a serious crisis.

The blacks—urban and also rural—need money for education, housing and health. The important regional Development Bank is stymied for lack of funds. There is talk of food subsidies to lessen the regressive impact of last week's tax increase.

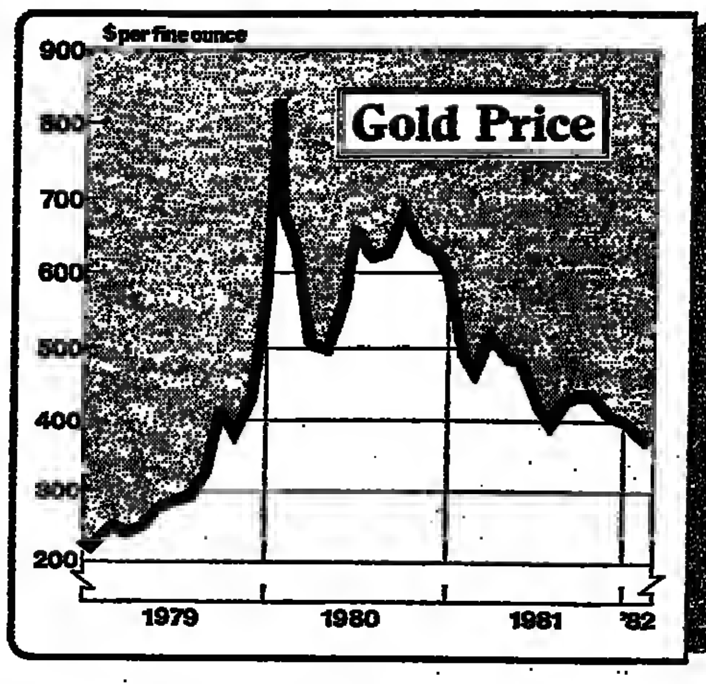
Where, Mr Horwood must be asking the Cabinet, is the money to be found? The Prime Minister will not be keen to antagonise the white voters who have on offer a right-wing alternative which criticises spending "so much on the blacks."

### Talk of subsidies to lessen effect of tax increase

South Africa is said to be "underborrowed" on the international market and there is still a lot left to borrow. Then there is talk of a medium term interest-bearing levy on companies. But the timing is delicate now with the economy running down.

The trouble with all this is that tinkering with the detail of the revenue raising structure fades into insignificance beside the scale of the problem—the sheer numbers of houses to be built, of teachers to be paid, of blacks to be trained and, for that matter, of military equipment to be built or bought.

There is one last question. What happens *next* year—if the western economies revive even more slowly than expected—and if the gold price refuses to budge?





. Rand Daily Mail

Two faces of South Africa: the rise and fall of the gold price and a classic cartoon by the famous South African cartoonist Bob Connolly who died last year

VALUE OF S. AFRICAN MINING PRODUCTS
(Rand m)

| Year | Gold | Diamonds | Coal | Other | Total |
|---|---|---|---|---|---|
| 1970 | 831 | 75 | 108 | 549 | 1,563 |
| 1977 | 2,815 | 257 | 755 | 1,703 | 5,530 |
| 1978 | 3,900 | 446 | 874 | 1,944 | 7,164 |
| 1979 | 5,842 | 547 | 1,143 | 2,236 | 9,768 |
| 1980 | 10,370 | 553 | 1,495 | 2,576 | 14,994 |
| 1981* | 8,600 | 300 | 2,040 | 2,860 | 13,800 |

* Estimated

Source: Department of Mining and Chamber of Mines

# Men & Matters

### Franc speaking

"It makes a change from the Budget." was how one Whitehall official summed up Sir Geoffrey Howe's day in Brussels helping to work out the thorny problems of devaluing the Belgian franc.

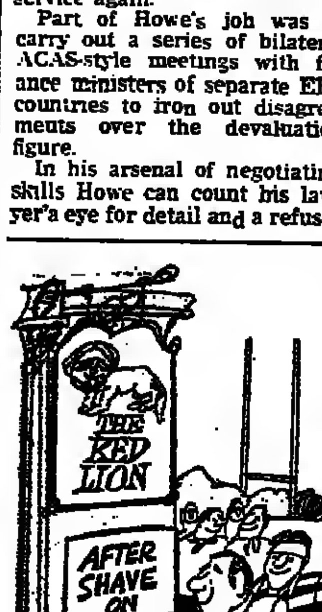
The Belgians—who currently hold the EEC presidency — wanted to save themselves the embarrassment of calling for a devaluation from the chair. So the Chancellor of the Exchequer, with experience of presiding over the EMS realignment in October, was called in by popular request to provide the same sort of service again.

Part of Howe's job was to carry out a series of bilateral ACAS-style meetings with finance ministers of separate EEC countries to iron out disagreements over the devaluation figure.

In his arsenal of negotiating skills Howe can count his lawyer'a eye for detail and a refusal to be ruffled, symbolised by the soft suede shoes he has a habit of wearing to even the most ceremonial of ministerial gatherings. After all, a man who can still survey Britain's unemployment figures with perfect equanimity is hardly likely to get steamed up over whether Belgium should devalue by 8.5 or 12 per cent.

Additionally, of course, Howe has the advantage of neutrality. Sterling does not participate in the exchange rate system.

So long as he can continue to offer his impartial chairmanship, the other EEC members are not likely to press for British membership of the scheme. For if Howe were not available, the only alternative would be to appoint a Greek to chair the meetings—which might lead to EMS rules and regulations becoming even more incomprehensible than at present.




### Troubled Times

Life is not always as exciting as it seems in the pages of U.S. newspapers these days.

First there was theh Village Voice quoting the feelings of an accused murdered who turned out not to have spoken to the reporter.

Then the Washington Post admitted that a Pulitzer prize-winning article on child drug abuse in the city was fabrication.

Now these two newspapers have turned their investigative reporters loose on the New York Times and discovered that a colour section cover-story on life with t ehKhmer Rouge guerrillas in Cambodia was written by a freelance reporter from a vilal in Spain.

The NTT apologised to its readers yesterday. Executive editor A. M. Rosenthal said he regretted "this whole sad episode and the lapse in our procedures that made it possible."

What reporter, Christopher Jones, lacked in imagination, it appears, he filled out with excerpts from a novel by André Malreaux. "It was a gamble—that was it," he is reported to have told the NYT squad that eventually ran him to earth.

### No Marx

In case anyone ever doubted America's resolve to defend the bastions of capitalism to the last, I reproduce here in full an excerpt from an agony column in Pittsburgh, showing that vigilance must be maintained at all times, at all levels of society.

Dear Ann—My little sis and I both baby-sit for extra money. Sis sits weekend afternoons. I sit evenings. Of course, I make a lot more than she does. Mom makes us pool our money and divide it evenly every month. I don't think this is fair. She says sharing is more important than money. Please print your answer. Hillsdale, Michigan.

Dear Hilly — I'm all for sisterly love, but your Mom is advocating Marxism. I favour the free enterprise system myself. People should not be forced to share what they earn with tobers who earn less—for whatever reason.

### Economy notes

The cheese-paring approach to corporate efficiency does have its limits—as Taylor Publishing of Dallas wittily exposes by apply the fashionable economic yardsticks to the performanca of the city's symphony orchestra.

"During considerable periods," it reports, "the four oboe players had nothing to do. Their number could well be reduced and the work distributed more evenly throughout tha entire concert, thus precluding idle time.

"All of the 12 violins," it continues, "were playing identical notes. This seems to be unnecessary duplication. The staff of this section could be drastically cut." If more sound were required, it could be required, it could be boosted by electronics.

"Much effort was observed in the playing of demi-semi-quavers," the reviewer observes. "This appears to be an unnecessary product refinement. It is recommended that we merely round off all notes to the nearest semi-quaver to make use of trainees and lower classification operators

"There also seems to be too much repitition of certain musical passages . . . No useful purpose can be served by repeating on the horns something which has already been handled by the strings . . . concert time of two hours could be reduced to 20 minutes.

Finally, it suggests, further investigation could be made into obsolescent equipment. The lead violinist's instrument was centuries old . . . "if normal depreciation schedules had been applied, this instrument's value would be zero and the purchase of more modern equipment could have been considered."

### Crossed lines

"Leadership is not a bowler hat," wrote Peter Prior, chairman of cider-makers Bulmer in a book of that title a couple of years ago.

Named yesterday as Communicator of the Year by the British Association of Industrial Editors, Prior expanded on the theme. "Leadership is about building up united teams; teams which can achieve objectives together," he said.

The parachuting, motorcycling Prior's message, I trust, will be communicated to the three previous award winners—Sir Freddie Laker, Sir James Goldsmith and Sir Peter Parker.

**Observer**

WEST MIDLANDS INDUSTRY

# The story of a survivor

By Arthur Smith, Midlands Correspondent

MR ALAN CARTER claims to have "bashed" his way out of recession. Hi-ton, his privately-owned engineering factory, standing amid terraces of pre-war houses, just four miles from Birmingham city centre, was "going like a bomb" until March last year.

"The downturn hit us hard and suddenly. Orders dropped from £200,000 a month to £80,000 in a matter of weeks. National talk about slight fall in demand was rubbish. Here, at the sharp end of industry, it was of the order of at least 30 to 40 per cent."

Now, after what he describes as "a traumatic 12 months," during which many of his competitors went out of business, Hi-ton's production lines are busy again, new products have been introduced and extra workers recruited.

## 'You should hear the comments at the squash club'

Mr Carter is an energetic 44-year-old who enthuses about the business he has created. His experience demonstrates that despite the gloom prevailing in Britain's West Midlands, there are companies changing fast enough to "raise hopes of an economic resurgence," as the local office of the Confederation of British Industry puts it.

A detailed survey of 197 companies in the West Midlands showed:

- One in two had developed new products—often a complete range.
- Three out of four had modified products, introduced new technology and raised productivity, quality and reliability.
- Nearly 70 per cent had broken into new markets, switching, for example, from engineering to consumer goods.
- Half had pushed up exports.

Hi-ton International, with an annual turnover of more than £2.5m, and 160 employees, could hardly expect to escape the region's problems. It supplies metal components to the motor industry and gearboxes for agricultural and horticultural machinery.

"In retrospect, we delayed the necessary 25 per cent cut in the labour force too long. Faced with volume changes in orders on that scale, it was difficult to forecast what was happening to the market place," says Mr Carter.

He is blunt about the problems posed by recession: "There was far too much capacity for the number of companies in our business. Too only way to survive was to be competitive in the international market place.

"We had to be aggressive and bash our way out of trouble. We increased spending on research and development, advertising and selling—all the areas that normally come under pressure in times of trouble."

Mr Carter believes that Hi-ton's position as a private company gives it strength. "We can take a long-term view and continue investment rather than pandering to the demands of shareholders."

He works long hours and takes pride in his ability as an engineer—"you should hear the comments at the squash club because I am in manufacturing rather than an accountant or professional man."

But he believes that rewards should be related to effort. "The real squeeze is being felt by middle management—chaps on £8,000 a year who are putting in all the effort but losing out because of the Government's failure to honour its promises and cut taxation."

He has just moved into a large house in Edgbaston and his four children go to private schools. He drives a Daimler Sovereign. "People on the shopfloor want to aspire to something. If I came to work in a Volkswagen, looking like a dustman, there would be no incentive for them."

The manual workers at Hi-ton, all union organised, have had only a 5 per cent pay rise in 18 months and productivity has increased dramatically. "The men on the shopfloor have taken a very responsible attitude. The industrial relations problem in this country is totally exaggerated. I go down on the shopfloor and sort things out. If the unions have a genuine grievance we concede it and that is the end of the matter."

Mr Carter, who left school at 16 to become an apprentice engineer with Fairey Aviation, is a Midlander by adoption.

In one of the first management buy-outs, he acquired Hi-ton in 1974 from Amalgamated Industrials with whom he had become a local managing director. "Nobody else wanted to buy the factory. We had 84,000 sq ft — about 79,000 sq ft more than we needed."

The main product, apart from numerous metal components, was a gearbox used in the declining motor-cycle industry. "The first aim was to fill the factory with work. I was something of a predator picking up machinery and orders."

Hi-ton's business now, as before last year's downturn, is split roughly evenly between motor components and gearboxes.

Mr Carter says that for basic engineering products — such as hinges and gear change levers — domestic markets were shrinking with the decline of the British vehicle assembly industry.

"The Birmingham engineering business has been brought up on the motor industry. Manufacturers tended to buy locally. It was incestuous business with extensive sub-contracting and hundreds of firms making a comfortable living."

He explains that companies of his size represent a whole layer below giants such as Lucas and GKN involved with assemblers in the design and development of new components.

"We are selling a service and you are only as good as that service. For far too long the motor industry had been putting up with bad service that compared unfavourably with what was on offer elsewhere in Europe." Hi-ton decided it could get a share of the reduced market by going for volume, quality and low costs.

"Assemblers in the past had a number of suppliers because those suppliers were unreliable. Now they are looking for one supplier and saying: 'He had better be good'."

Mr Carter says some of his competitors resented the quality controls demanded by Ford. "I told my people if we do it the Ford way we will get the quality and save money. We will get the benefit. The trouble with this industry is the saying: 'Where there is muck there is money.' I believe where there is muck, there is inefficiency."

Over the past year there has been a drive at all levels throughout the company for quality and efficiency. "By the time I get to talking to Ford about a contract I know I have seen off most of the domestic competition. I am talking volume and I am up against prices from Germany, Spain and the U.S."

So far, he claims orders worth £1m this year from Ford for parts, such as accelerator pedals.

On the other side of the business — gearboxes — he committed funds to develop from the original motorcycle product a range suitable for use in agricultural and horticultural machinery. "We foresaw the problems of the 1980s five years ago — roughly the time cycle for developing a new product. What we did not foresee was the depth of the recession. When it hit us, we were already committed and had no alternative but to accelerate the programme."

Mr Carter says that the emphasis placed upon engineering has enabled Hi-ton to survive in a falling market at the expense of its British competitors. He claims to meet 90 per cent of the requirements of the domestic market compared with 60 per cent 12 months ago.

"We knew even before the recession that the UK would not be big enough to justify the money spent on developing new products," he says. The main target is the U.S., which he forecasts will account for 50 per cent of sales in two years rather than the current 10 per cent. The American market is crucial to his plans over that period to double gearbox output in real terms to more than £2m.

He recently sent his top salesman to the U.S. for three months. "People suggested it was expensive but if there is no business in the UK we have to get it overseas. A company like ours, that it going to be around in the late 1980s, has to take a very determined attitude to investment selling."

## 'If we do it the Ford way, we'll get the benefit'

He cites an example of "aggressive" selling. "I heard one of our customers was thinking of fitting an Italian gearbox. I went straight to the factory to make sure we had not fallen down on price, quality or delivery." He laughs: "We got the business. I don't think people in this country mind that approach. We have to guard our markets jealously."

Mr Carter believes that companies like his will restore national prosperity. He has little faith in politicians. "I get hopping mad about the way this country is run. Mrs Thatcher has talked tough, but done nothing to stop the pay rises in the public sector." But he has joined the Social Democrats. "They have just sent me a list of their candidates — two university lecturers and a millwright. What the hell do they know about the problems facing industry?"

Trevor Humphries

Hi-ton chairman Alan Carter with some spiral bevel gears at his Selly Oak, Birmingham, plant.

# Lombard

## A difference of philosophy

By Bridget Bloom

NOT FOR the first time, West Germany's differences with the U.S. are providing the focus fur growing tensioos within Nato. Bonn hopes, as presumahly does Washington, that President Reagan's presence at Nato's summit in June, which is now to be beld in Bonn iostead of Brussels, will underline the federal republic's vital place in the Western alliaoce.

That current differences are deep and need healing, was graphically illustrated at last week's Wehrkunde defence studies conference in Munich. This privately organised annual symposium, now in its 20th year, prides itself on providing leading politicians, primarily from Germany and the U.S., with a semi-public platform where frankness is the order of the day.

This year's meeting certainly saw some plain speaking — though it quickly became evident that, while there are some specific U.S./German problems (about, for example, how much Germany will spend on extra facilities for U.S. reinforcements in time of war in Europe or of conflict in some area like the Middle East), the divisions are not just between Germany and the U.S., but much more between the U.S. and Nato's European members.

As speaker followed distinguished speaker, the list of these divisions lengthened. Nato may publicly be congratulating itself on achieving a measure of agreement on Poland over the last two months but, on most of the key issues confronting the alliance, European and American minds are simply not meeting just now; not on the response to Poland, nor on the role of East-West trade, nor on the transfer of technology (termed "profligate" by Caspar Weinberger, U.S. Defence Secretary), nor on the Soviet/Europe gas pipeline deal, which is "deeply opposed," Mr Weinberger reiterated, by President Reagan.

The list goes on to cover so-called internal alliance matters, such as defence spending, the effect of U.S. interest rates on European economies and, consequently, on defence budgets, and the U.S. demand, lukewarmly received by Europe, that they should be prepared to share the burden—at least by providing more troops in Europe—if a crisis erupts in the Middle East to threaten Western interests.

Perhaps the most alarming phenomenon is the increasing talk of U.S. isolationism, also in evidence at Munich. "We look to Europe and think we hear the tapping of Chamberlain's umbrella on the cobblestones," said Senator Bill Cohen.

Dr Joseph Luns, Nato's Secretary General, noted in his philosophical way that Nato has seen many crises and he is, of course, right. Nato's most fundamental purpose — the defence of Western democratic societies—is still accepted by all.

At least one major problem—the approach to nuclear arms control—is temporarily out of the way thanks to U.S.-Soviet talks going on in Geneva. But what seems to have changed, partly because there is a newish government in Washington, but mainly because much time has elapsed since anyone last felt the need to review the matter, is that Nato countries now apparently neither agree on how they should manage their own internal relationships, nor on what policies they should pursue to manage their relationship with the Warsaw Pact.

The last real review of Nato's policies took place 15 years ago and another should be commissioned by the summit in Bonn, before the divisions become even more firmly embedded than they now are. But the danger is that a deeper philosophical divide lies between the U.S. and Europe. For as long as the U.S. sees the need to meet the threat of the Soviet Union primarily in terms of a morale crusade, so long will it remain divided from Europe. The Europeans favour a more traditional view of international relations, which aims at a careful, unheroic, but realistic balance of interests between West and East. It is hard to see how even a summit meeting can bridge this gap.

# Letters to the Editor

## Company pension schemes

*From Mr T. Arthur*

Sir,—"Honest money" pensions (A. E. J. Williams, February 11) will be available to all when and only when honest money is available to all.

It really is the height of audacity for Government to create dishonest money then protect certain of its own employees against its own dishonesty and then chastise the private sector for not putting its house in order.

Mr Williams suggests that a costless first step would be for the Government to offer an inflation-proofed annuity in exchange for a flat one, on impartial terms based on forecasts of inflation and investment condition. An illustrative figure, based on an investment return of 14¼ per cent pa and an inflation rate of 12 per cent pa would involve a flat pension of £100 pa boing exchanged for an inflation proofed one starting at £42 pa or thereabouts (male at 65 with 50 per cent widow's pension). The reason advanced for the claim of costlessness is that "Government has developed some experience in forecasting inflation trends and their application to investment." What utter rubbish! Nobody, least of all a Government, could possibly do that, especially for 20 years ahead and thus four governments later. Mr Williams begs us to devote attention to finding "positive solutions" of this nature. But such attention diverts us from the only real solution, that of curing inflation.

Inflation is a haphazard form of taxation, which redistributes resources like any other form of taxation. If inflation were "forecastable," the whole point of it would vanish. Similarly, if it were possible to nullify its effect on everyone, the whole point of it would vanish. The inflation game produces winners and losers. It is possible to single out for protection only a small number of people and an even smaller number of kinds of financial contract. Such protection distorts the picture even further from the point where the inflation started, and makes the whole thing even more difficult to unscramble, with more and more people having a vested interest (or thinking they have) in inflation.

T. G. Arthur.
*17 Highfield Road,*
*Edgbaston, Birmingham.*

## Where employers benefit

*From Mr A. Smallbone*

Sir,—Your correspondent, Mr Williams (February 11) is right to suggest that it is time more attention was paid to "honest money" private sector pensions, but there is little chance that much will be done while there are such remarkable, if little understood, benefits available to employers from careful manipulation of the rules of so many current schemes.

It is well known that "job-changers" are likely to suffer drastic reductions in total pension under "final salary" schemes, compared with "long-stayers." It is however insufficiently appreciated that provisions designed in an earlier era can be so readily put to work to benefit employers.

Consider Boodle and Coodle who both retired last week aged 65 on final salaries of £9,000 pa each, both having been throughout the past 40 years members of identical contributory schemes providing maximum two-third benefits and both having been on identical wage scales throughout their working lives so that the grand totals of each of their personal contributions are the same.

Boodle is now enjoying a pension of £6,000 pa but Coodle, although he spent his last 20 years of employment working alongside Boodle, spent the previous 20 years with an earlier employer who made him redundant at a time when his annual salary was £900 pa. The first employer's pension scheme is responsible therefore for paying him only £300 pa, while the second need pay him only £3,000.

Clearly, since actuarially speaking each life expectancy is the same, Boodle's pension must require a fund virtually twice the size of the combined funds needed to sustain Coodle's. Since the totals contributed by the men themselves are the same, someone else has been able to incur a dramatically smaller liability to make provision for Coodle.

It is in fact the first employer alone who reaps all the "benefit," brought about in no way at all by Coodle himself. This advantage is almost entirely due to inflation, for had wage rates remained the same throughout the past 20 years, and had both Boodle and Coodle reached their ceilings of achievement at age 45, their respective pensions would in total have been the same, and therefore the aggregate costs of them too.

The present position is that no truly "aware" management can ignore the fact that long-service employees cost relatively more than they used to, that however much they may dislike hardening their weeding-out procedures their competitors may have no such scruples, and that if they can contrive significantly to reduce average times spent by age/by grade, they can reduce their expenses.

The reason is simple. Employers are not required to put aside any particular sum at all with respect to any identifiable individual, merely to pay into the fund such sums from time to time as will, in the opinion of the fund actuary, maintain its overall solvency.

Every time a long-serving employee is unloaded a pension scheme will tend to become over-funded thus substantially reducing the amount the employer need contribute in the current year.

Alan Smallbone.
*30, Temple Fortune Lane,*
*NW11.*

## The speed and pace of law reform

*From the Chairman, Law Reform Committee, Bar Association for Commerce, Finance and Industry*

Sir,—The view of your leader writer on law reform (February 12) gives a very different impression of the speed and pace of law reform from that which strikes practitioners.

In recent years the volume of proposals on law reform, taking the form of consultative documents from various bodies has increased enormously. The legal profession tries hard by dint of a great deal of unpaid but dedicated labour to do justice in reacting to all these proposals. The struggle is an unequal one as we are up against a large number of civil servants and others in London, Brussels and elsewhere whose full-time job it is to prepare and process such proposals whereas we on our side try to take part in the consultative process by means of voluntary part-time efforts on the part of very busy people. You comment on the alleged inadequacy of the Law Commission's resources with a mere 23 lawyers on its staff. These are, however, full-time lawyers and only part of the massive workforce of government lawyers and other civil servants with whom we have to contend. There is not even one full-time paid lawyer on the side of the professions.

I must strongly refute the allegation of stonewalling. On the contrary, barristers and solicitors through various professional bodies have co-operated fully in many measures of law reform and have complained that there has too often been either no consultation or lack of adequate time allowed for it. It has not been unusual on occasions for a government department to issue complex proposals running to many pages and to ask for detailed comments to be made within just a few days. The Senate Law Reform Committee has recently had a meeting with representatives of the Lord Chancellor's Department to lodge a protest about this kind of treatment.

From the point of view of the practitioner in industry and commerce, the problem has been to try to keep pace with the volume of legislation enacted in recent years for example in the fields of company and employment law.

The task of keeping up to date is, if anything, more difficult because the legislation owes a great deal of its momentum to the swings of the political pendulum. I say nothing here about the added problem of keeping up to date with case law.

I cannot agree with the general criticism that law reform is moving too slowly. There can always be debate about whether particular priorities are right, but I respectfully suggest that it is moving at times more quickly than practitioners and sections of the public affected by particular measures can reasonably be expected to digest. I would equally refute the criticism that industry in particular has failed to say what its needs are. There has been no shortage of representations made to the Government departments concerned on legislation which industry needs and on its reactions to proposals emanating from official sources.

Changes and reforms in many fields of the law over the past 30 years have been enormous and the pace of change shows no sign of slackening. The legal professions are not hindering this process but doing their best to play a constructive part in it.

H. Mitchell.
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*183, Euston Road, NW1.*

## Natural gas from Nigeria

*From Mr B Maude*

Sir,—Your Brussels correspondent reports (February 19) that the EEC Energy Commission considers that only Algeria and the Soviet Union can supply the Community with the natural gas it needs.

The Commission should be aware that after the restructuring of the Bonny project in Nigeria that that country should be well placed to supply a large part of the Community's needs.

B. A. E. Maude,
*4, Bath Road,*
*Camberley, Surrey.*

# Nottingham Manufacturing £4m higher at £19.02m

TAXABLE PROFITS of the Nottingham Manufacturing Company for 1981 advanced from £15.01m to £19.02m with the second half contributing £13.57m, compared with £10.96m. Full year turnover rose by £18.94m to £192.8m.

The figures for the 12 months were struck after depreciation of £5.02m (£4.45m) and included investment income of £5.2m (£4.29m) and interest on loan capital of £611,000 (£628,000).

Tax took £5.82m (£5.45m), including prior year charges of £21,000 (£171,000), leaving the net balance at £13.21m, against £11.56m.

Stated earnings per share were 18.8p (16.53p) basic and 17.03p (14.97p) fully diluted and a final dividend of 3.4p (3p) raises the net total by 0.5p to 4.5p per 25p share, which absorbs £3.16m (£2.8m).

Current cost adjustments reduce the pre-tax profit for the year to £14.81m (£10.72m).

The consolidated balance sheet at year-end shows fixed assets at £30.36m (£28.61m) and net current assets at £56.32m (£52.17m).

Nottingham Manufacturing is a holding company with interests in knitted outerwear, hosiery and tufted carpets. The company is a large supplier to Marks and Spencer.

See Lex

## HIGHLIGHTS

Lex discusses the fairly dramatic events in the London sterling market yesterday with short rates falling significantly and long bonds jumping in value by a couple of points. Lex also looks at the repercussions of the week-end's devaluation of the Belgian franc before moving on to the main company news announcements of the day. Nottingham Manufacturing has resumed its growth tack and pushed up its cash pile while Rank Organisation's annual report forecasts a marked upturn in profits from Rank controlled activities this year.

# Cawdaw put into receivership

THE Lancashire-based Cawdaw Industrial Holdings, set up in 1900 as The British Cotton and Wool Dyers' Association to protect the futures of a host of independent dyeing houses, has gone into Receivership. It owes nearly £2m to its trade creditors and a little over £2m to Barclays Bank.

Barclays has appointed as joint Receivers Mr Philip Livesey and Mr Cyril Nield of Cork Gully's office in Manchester. Mr Livesey spent yesterday organising an immediate stock-taking and visiting a number of Cawdaw's subsidiaries. He described the whole business as "a glorious mix-up" but indicated that it would continue as "a going concern" for at least the next week or so.

The shares were suspended at 13½p on Friday, representing a market value for the company of £710,020.

Cawdaw currently employs 500 workers in 13 plant locations and several shops, scattered around Scotland, Northern England and the Southampton area.

Reorganisation and redundancy costs soaked up £600,000 in the year to last March and a further £100,000 in the half year to September. While this exacerbated losses at the pre-tax level for both periods—of £944,000 and £415,000 respectively—it evidently failed to stem Cawdaw's operating losses which since September have amounted to between £200,000 and £300,000.

The various businesses of Cawdaw—which changed its name in 1976—include furniture manufacturing, engineering, timber and DIY retailing as well as textiles. Of the independent dyers originally brought together in 1900, only 25 survived by 1950. This shrank to 14 by 1968 and today just three remain, at Hawick, Glasgow and Huddersfield.

The Receivers have already received expressions of interest in the group from five separate parties. Barclays has agreed to continue funding operations while the possible sale of all, or parts, of the group is considered.

Cawdaw has three principal shareholders: Northern Trust Company (27 per cent), Ferguson Industrial Holdings (10 per cent) and Mr J. R. Lucey (6 per cent). The Receivers said they have no present plans to meet with them.

Mr Livesey expects to have a first meeting on Thursday with Mr Michael Hoare, Cawdaw's part-time chairman, who was appointed some months ago and is presently in the U.S.

# Standard Life raises bonuses

HIGHER rates of bonus have been declared for 1981 by Standard Life Assurance Company for both individual and group with-profit contracts.

On ordinary assurances, the rate applied to the basic sum assured is lifted 10p to £4.50 per cent, while that applied to attaching bonuses is improved 15p to £5.75 per cent. Terminal bonuses, paid when a policy matures or becomes a death claim, have also been improved at all terms.

On Personal and Executive Pension Contracts, the reversionary bonus rate for both annual and single premium policies is raised 20p to £6.25 per cent of the basic pension and attaching bonuses. The terminal bonuses, which were introduced last year, remain at 25 per cent of attaching bonuses.

A similar increase in reversionary bonus rates is made for pure endowment pension contracts, with the terminal bonus rate unchanged at 12.5 per cent of attaching bonuses.

The Glasgow-based life company FS Assurance announces record bonus rates for the three years ending December 31, 1981. For life assurance contracts, the rate applied to the basic sum assured remains at £4 per cent, but the rate applicable to attaching bonuses is increased 10p to £5.60 per cent from the previous declaration three years ago.

Higher rates are made to pension contracts, other than controlled funding schemes, where the rate on the basic benefit is improved 25p to £4.25 per cent and by 50p to £6 per cent on attaching bonuses.

The rate on controlled funding pension schemes is unchanged at £1.75 per cent on contingent pensions purchased.

The terminal bonus rate on main new series with profits contracts is lifted from 20 per cent to 30 per cent of attaching bonuses. The company will, in future, declare bonuses annually.

The Reliance Mutual Insurance Society is keeping its reversionary bonus rate on ordinary branch assurance contracts unchanged at £4.25 per cent of the sum assured and attaching bonuses.

Finally, Unilife Assurance (Overseas), the specialist expatriate life company, has increased the compound bonus rates on its Multi-Currency Investment Plan in respect of the four major currencies in which the plan is linked.

The rates are as follows: sterling 1981 7½ per cent (1980 6½ per cent); U.S. dollar 6½ per cent (5½ per cent); Deutsche mark 4½ per cent (3½ per cent); Swiss franc 2½ per cent (1½ per cent).

The bonuses are directly linked to the year-end gross redemption yields on major long-term government bond indices in each of the four currencies.

## RESULTS AND ACCOUNTS IN BRIEF

MECCIT HOLDINGS (machine tool merchanting, engineering and manufacture)—Results for year to October 31 1981 reported January 26. Shareholders' funds £2.01m (£2.5m). Fixed assets £1.21m (£1.22m). Net current assets £0.83m (£1.46m). Chairman says significant and sustained signs of improvement in engineering and in machine tool sector are not discernable, but there are some grounds for believing that the worst is over and he is hopeful that 1982 will seen an upturn, albeit slow. Meeting, Bournemouth, March 22, at 12.30 pm.

PHOENIX MINING AND FINANCE (finance, investment and personnel services)—Pre-tax loss for year to September 30 1981 £4,497 (£6,502) turnover £1.66m (£1.69m) including finance and investment income £1.03m (£950,160); operating profit £62,016 (£4,093 loss) includes rental income this time of £133,818, finance and investment losses of £32,410 (£10,725 profit) and personnel services loss of £39,322 (£14,816). Net interest payable £8,674 (receivable £20,959); head office expenses £54,748 (£23,238). Associates losses £3,093 (nil); tax £70 (£8); extraordinary debits nil (£127,293); deficit transferred to reserves £4,567 (£134,356). Loss per 20p share 0.1p (0.4p). No dividend is again being recommended.

GREAT NORTHERN INVESTMENT TRUST—Results for year to November 30 1981 reported January 19. Listed investments at valuation £83.8m (£84.6m); unlisted £2.34m (£2.47m). Net current assets £1.88m (£1.11m). Ordinary stockholders' interest £87.38m (£85.74m). Net liquid funds increased £2.14m (£1.26m decrease). It is proposed to appoint Arthur Young McClelland Moores and Co as company's auditors in place of the retiring Adam Kei and Sangster. Chairman anticipates that revenue may be static this year as the full impact of the geographical redistribution is felt, but it is the board's policy to meet any temporary shortfall in dividend cover from reserves provided future revenue growth can be anticipated. Meeting, Glasgow, March 15, noon.

WINTERBOTTOM ENERGY TRUST—Net asset value per share on February 19 was 60.8p after prior charges at par, and 63.6p after charges at market value.



# C. Baynes has better second half

PRE-TAX PROFITS of Charles Baynes, hacksaw blade manufacturer, rose from £341,115 to £415,056 for 1981 on higher turnover of £2.07m, compared with £1.92m.

As anticipated by the directors in their interim report the company had a better second six months compared with the first half when profits at the pre-tax level emerged lower at £193,918, against £209,466 for the same months of 1980.

Tax for the year under review took £166,782 (£85,071) leaving a net profit of £248,274 (£256,044).

Stated earnings per 10p share came through marginally down at 3.53p (3.63p) but a final dividend of 0.5p (0.425p adjusted), lifts the net total to 0.75p, compared with 0.625p, after allowing for the one-for-one scrip issue.

On a CCA basis profit at the attributable level was £123,000 (£144,000).

The group has acquired General Organisers, distributor of tools and accessories, for £37,785.

# J. Hoyle in surplus at half time

A RETURN to pre-tax profits at half-time was shown by Joseph Hoyle and Son with a surplus of £43,513 compared with a deficit of £97,825. Turnover for this spinner and manufacturer for the six months to September 30 1981 was lower at £1.76m against £2.27m before.

In the last full year pre-tax losses reached £288,827 on turnover of £3.69m.

Pre-tax profits were struck after bank interest of £3,079 (£3,714) and lower management and finance charges of £85,531, against £121,121 last time. Tax took £750 (same).

Attributable profits improved to £7,424 (£183,749 loss) after lower extraordinary debits of £35,339, compared with £85,174 last time. Earnings per share were shown at 5.13p, against previous losses at 12.54p.

The company is wholly owned by Lister and Co.

# English and Scottish slips to £695,614

Net revenue, after all charges including taxation, of English and Scottish Investors fell from £810,251, to £695,614 for the year to January 31, 1982. Gross revenue was slightly higher at £1.8m, compared with £1.74m.

The second interim dividend, per 25p share, in lieu of a final, is lower at 1.05p (1.2p), which repeats the total at 1.8p.

Earnings per ordinary 25p share were given as 1.68p (1.97p).

Total assets at market value emerged higher at £40.48m, compared with £34.68m. Net asset value per ordinary and 'B' share was 89.5p (80.4p).

# Heavier first quarter losses at O.R.E.

In the three months to December 31 1981 O.R.E., underwater acoustic instrumentation supplier, deepened its losses from £19,390 to £62,293. Turnover improved from £83,525 to £247,949. No dividend is being paid or is proposed.

The company's 10p shares were introduced to the USM in January.

There was again no tax and the los per share was 4.6p against 1.9p.

The directors say the results reflect the seasonal nature of the business and they are in line with management expectations.

Mr John Mills, a director, sold 35,000 ordinary, thereby reducing his holding from 6.8 per cent to 4.3 per cent.





# Rank's computer side set to boom

ALTHOUGH at present small, there are good reasons to believe that Zynar, the micro-computer company formed in 1980, will become a significant contributor to profits at Rank Organisation within five years and continue to grow says Mr Harry Smith, group chairman.

In its first year of operation Zynar's sales were on target at £750,000 and it expects to reach double this in the current year.

Local micro-computer networks, which was one of the market opportunities identified, have become a more buoyant market than originally anticipated. Aided by an investment in Nestar Systems, California, Zynar has become a leading supplier of network systems in Europe, Mr Smith reports in his annual statement.

"We intend to exploit our early entry into this field to the full and also to expand into related fields of software and systems technology," he adds.

As known Rank's trading profit was ahead from £37.2m to £39.1m but a decline in the share of Rank Xerox, because of exchange rate changes, left group taxable profit down at £102.8m (£109.4m) on sales of £618.4m (£596.7m). Even so, the chairman expresses confidence for the future and the net dividend is being held at 10.8p.

Profit of the leisure division dipped to £6.4m (£8.3m) on turnover of £129m (£122.1m). Cinema admissions in the UK were disappointing and the circuit now consists of 96 units with 237 screens, following the sale, or closure, of 27 cinemas.

Agreements have been concluded, or are under negotiation, for the development of several cinema sites, mainly in the London area. It is intended that the sites be developed for offices with cinemas included in the development.

The Top Rank Clubs saw increasing admissions in a static market in the first half but these weakened in the second six months. Despite this, profitability was maintained and licences are being sought for several new clubs.

On the catering side profits from motorway services areas were disappointing. Despite difficult trading conditions in 1981 the prospects for the motorway business remain good and major developments are under way at two service areas, the company points out.

Wimpy Bars continued to trade profitably but suffered from insufficient sales volume.

In the hotels and holidays division profits slipped to £14.69m (£15.61m) on sales of £131.7m (£127.6m). Bookings at Butlin's main UK centres were down 6.5 per cent from 1.16m to 1.09m but market share was maintained. Butlin's holiday hotels had a very successful year and the caravan operation in France is being further expanded.

Bookings of the Leisure Caravan Parks' hire fleet rose 11 per cent and the 365-pitch Suffolk Sands site at Felixstowe was acquired during the year.

The sale of Rank Hotels' five European hotels and concentration of activities on the seven UK properties will remove the losses incurred by those operations over recent years, and lead to an acceptable level of return, the directors say.

Over the year volumes were down but price changes resulted in an overall increase in turnover of 7 per cent and a marginal improvement in operating profit.

Trading conditions were very unfavourable for the film and television services division depressing sales by 9 per cent to £40.8m (£45.3m). But, due principally to improved performance by Rank Film Distributors following the elimination of losses on film production, the division's profits climbed from £934,000 to £2.1m.

The effect of the world recession on the film industry has been amplified by its dependence on the U.S. market where feature film production was greatly reduced because of high interest rates and the screen writers' strike. This resulted in less work for Pinewood and Rank Film laboratories.

It also meant that the major U.S. film companies were short of products, causing them to acquire rights for films made by independent film producers. Rank Film Distributors therefore had difficulty in obtaining good films for distribution at an acceptable price.

In the industrial division, where there was a dive from a £2.62m profit to a £3.75m loss on turnover of £92.3m (£86.9m), reductions in demand by the steel and automotive industries had a severe effect on Taylor Hobson and Hilger.

Government cutbacks in defence and local authority spending constrained Pullin Controls and Strand respectively; while in the consumer products field the Hi-fi business had to cope with depressed consumer spending and high exchange rates.

Heavy international competitions for the division's other markets croded margins. The notable exception was the telecine operations of Cintal and the instrument business of Taylor Hobson in Japan where both sales and profits rose.

The future of the division is viewed with cautious optimism, however, with further cost reductions in 1982 providing the lower cost base necessary for profitability.

Rank City Wall, the property company, expanded profit from £9.44m to £13.1m on turnover of £20.7m (£16.3m). The value of the property portfolio rose £32.4m to £213.3m. Negotiations are now proceeding with other interested parties for the sale of the Sheppard Centre in Toronto following the failure of earlier talks.

The proceeds of this sale will be used to finance repayment of the preference shares, issued as part of the funding of the company's property investment. The balance will be applied to cutting group borrowings.

Last time group trading results were hit by losses at Rank Toshiba and Rank Radio International, now closed.

At year end working capital was up £19.6m (down £21.2m) and ordinary shareholders funds stood at £567m (£483m). Future capital spending commitments amounted to £13.3m (£15.9m) of which £9.75m (£9.85m) had not been committed.

Meeting: Royal Lancaster Hotel, W, on March 18 at noon.

See Lex

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Charles Baynes | 0.5 | Apr. 29 | 0.43* | 0.75 | 0.63* |
| Int. Inv. Tst. of Jersey | 5† | Mar. 26 | 4.5 | 8 | 7 |
| Jos Holdings ......int. | 1.08 | Apr. 2 | 1.08 | — | 1.43 |
| Notts Manufacturing | 3.4 | — | 3 | 4.5 | 4 |
| Romney Trust | 3.1 | Apr. 2 | 3.1 | 4.4 | 4.4 |
| Anglo Int. Inv. Trust | 3.2 | Apr. 8 | 3 | 5.2 | 5 |
| England & Scot. 2nd int. | 1.05 | April 2 | 1.2 | 1.8 | 1.8 |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout.

# Romney Trust reduction 'less than expected'

Although there was a reduction in net revenue of investment trust Romney Trust from £1.31m to £1.21m for 1981 it was nevertheless, less than expected.

The directors say this was due to a number of factors including favourable movements in exchange rates and deposit interest rates remaining at a high level.

The final net dividend of 3.1p per 25p share is being maintained making a total of 4.4p (same). Stated earnings per stock unit fell from 4.52p to 4.11p.

Net revenue was struck after tax charges of £779,165 (£712,858). Preference dividend cost £38,762 (same) and ordinary dividend £1.25m (£1.24m). The sum of £82,366 has been transferred from revenue reserve (£32,843 to revenue reserve).

Net asset value per share rose from 154.3p to 169.2p. Assuming full conversion of the convertible loan stock, the value would be 168.5p (153.4p), an increase of 9.8 per cent.

# Robinson Brothers to re-register as private

ANOTHER company is taking the opportunity provided by the new distinction between private and public limited companies defined in the Companies Act 1980 to re-register as a private company.

Robinson Brothers (Ryders Green), a speciality organic chemicals manufacturer based in West Bromwich, will seek shareholders' approval to re-register in this manner at an extraordinary meeting to be held on March 16. The company is already a "close" company, as defined by the 1970 Income and Corporation Taxes Act, and has few more than 60 ordinary shareholders.

Mr David Robinson, chirman, said yesterday that Robinson was "already pretty much a family company and movements in ordinary shareholdings were few and far between."

The 2m 11 per cent cumulative preference shares, placed with institutions in 1978 at 109p each, will continue to be quoted as before and the Stock Exchange has confirmed that the election for private company status will not effect the listing.

# Newmarket Bloodstock: wind-up order dismissed

A High Court judge yesterday dismissed a petition seeking the compulsory winding-up of Newmarket Bloodstock Agency, two weeks before the adjourned hearing was due to be resumed.

Mr Justice Slade said he was able to allow the agency's application to have the petition dismissed because all the debts had been paid and no other creditors had come forward, despite the publicity given to the petition.

The petition was presented last December by Oakeley Vaughan and Co., insurance brokers, creditors for £25,434, supported by Mirror Group Newspapers.

It was first before the court on January 25, and adjourned to February 8, when it was said The Inland Revenue, claiming £18,452, was substituted as petitioner, supported by Lep Transport, claiming £4,891, and Courts and Co., solicitors, claiming £5,106, that Oakeley Vaughan and Mirror Group Newspapers had been paid.

Yesterday, Mr David Richards, for the agency, undertook to hand over bankers' drafts to the Revenue and supporting creditors.

The judge said he did not think the possibility of further creditors coming forward should deter him from allowing the application which had been consented to by the interested parties before the court.

## SPAIN

| February 18 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 335 | |
| Banco Central | 354 | −3 |
| Banco Exterior | 306 | |
| Banco Hispano | 318 | |
| Banco Ind. Cat. | 115 | |
| Banco Santander | 355 | −1 |
| Banco Urquijo | 234 | −3 |
| Banco Vizcaya | 375 | |
| Banco Zaragoza | 238 | |
| Dragados | 166 | −4 |
| Espanola Zinc | 65 | |
| Fecsa | 60.5 | −0.7 |
| Gal. Preciados | 49.5 | |
| Hidrola | 66.7 | −0.6 |
| Iberduero | 51.5 | −0.6 |
| Petroleos | 99.5 | +1 |
| Petroliber | 94.0 | |
| Sogefisa | 14 | |
| Telefonica | 72 | |
| Union Elect. | 53.5 | −1.2 |

## LONDON TRADED OPTIONS

Feb. 22 Total Contracts 1315. Calls 997. Puts 316.

| Option | Ex'rcise price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP (c) | 280 | 18 | 5 | 33 | — | 38 | 3 | 292p |
| BP (c) | 300 | 7 | 1 | 17 | — | 20 | 20 | " |
| BP (c) | 330 | 2 | 40 | 8 | 29 | 16 | — | " |
| BP (p) | 280 | 12 | 1 | 16 | — | 20 | — | " |
| BP (p) | 300 | 28 | 39 | 32 | — | 34 | 30 | " |
| CU (c) | 130 | 13 | 8 | 18 | — | 22 | — | 132p |
| CU (c) | 140 | 7 | 8 | 11 | 10 | 16 | — | " |
| Cons. Gld (c) | 460 | 22 | 20 | 40 | — | 50 | 3 | 449p |
| Cons. Gld (p) | 460 | 30 | 3 | 34 | 8 | 42 | — | " |
| Ctlds. (c) | 80 | 7 | — | 8 | 11 | 11½ | — | 31p |
| GEC (c) | 800 | 60 | 3 | 82 | — | 100 | — | 837p |
| GEC (c) | 850 | 27 | 2 | 53 | — | 75 | — | " |
| GEC (p) | 750 | 6 | 17 | 11 | — | — | — | " |
| GEC (p) | 800 | 14 | 1 | 20 | — | 26 | 2 | " |
| Gr'd Met. (c) | 180 | 25 | 28 | 32 | — | 37 | — | 201p |
| Gr'd Met. (c) | 200 | 11 | 78 | 18 | 5 | 24 | — | " |
| Gr'd Met. (p) | 180 | 6 | 8 | 7 | — | 8 | 7 | " |
| Gr'd Met. (p) | 200 | 10 | 1 | 14 | — | 14 | — | " |
| ICI (c) | 300 | 38 | 40 | 46 | — | 56 | — | 336p |
| ICI (c) | 330 | 19 | 15 | 30 | — | 36 | 1 | " |
| ICI (c) | 360 | 7 | 41 | 16 | 3 | 24 | 1 | " |
| ICI (p) | 300 | 2½ | 7 | 10 | 10 | 14 | — | " |
| ICI (p) | 330 | 13 | 2 | 20 | 3 | 25 | — | " |
| ICI (p) | 360 | 34 | 22 | 38 | — | 40 | — | " |
| Land Sec. (c) | 300 | 21 | 1 | 29 | 1 | 38 | 5 | 505p |
| Land Sec. (c) | 330 | 7½ | 6 | 14 | — | 22 | — | " |
| Mks & Sp. (c) | 100 | 48 | — | 50 | 20 | — | — | 144p |
| Mks & Sp. (c) | 130 | 18 | 15 | 20½ | — | 27 | — | " |
| Mks. & Sp. (c) | 140 | 9 | 54 | 13 | 20 | 16½ | — | " |
| Mks & Sp. (p) | 160 | 2½ | 4 | 5 | — | 8 | — | " |
| Shell (c) | 360 | 14 | 6 | 24 | — | 34 | — | 356p |
| Shell (p) | 380 | 46 | — | 48 | 1 | 50 | — | " |
| Shell (p) | 420 | 76 | 1 | 78 | — | — | — | " |
| | | **February** | | **May** | | **August** | | |
| Barclays (c) | 590 | 118 | — | 116 | 3 | — | — | 500p |
| Barclays (c) | 420 | 82 | 2 | 85 | 3 | 87 | — | " |
| Barclays (c) | 460 | 46 | 7 | 48 | 24 | 65 | 7 | " |
| Barclays (c) | 500 | S | 23 | 23 | 46 | 40 | 1 | " |
| Barclays (p) | 460 | 1 | — | 12 | 8 | 17 | — | " |
| Barclays (p) | 500 | 8 | — | 23 | 8 | 30 | 11 | " |
| Imperial (c) | 70 | 14½ | 8 | 16 | 1 | 18 | — | 85p |
| Imperial (c) | 80 | 4½ | 18 | 8 | 81 | 11½ | 15 | " |
| Imperial (c) | 80 | ½ | — | 4 | — | 5 | 1 | " |
| Lasmo (c) | 300 | — | — | 27½ | 8 | 40 | 8 | 287p |
| Lasmo (c) | 330 | 2 | — | 13 | 58 | 24 | 5 | " |
| Lasmo (c) | 360 | 1 | — | 8 | 18 | 17 | — | " |
| Lonrho (c) | 70 | 6 | — | 12 | 8 | 14 | — | 75p |
| Lonrho (c) | 80 | ¾ | — | 5 | 18 | 7 | 61 | " |
| Lonrho (c) | 90 | ¼ | — | 8½ | — | 3½ | 4 | " |
| Lonrho (c) | 100 | ¼ | 18 | — | — | — | — | " |
| Lonrho (p) | 80 | 7 | 35 | a | 25 | S | — | " |
| P & O (c) | 180 | 13 | 1 | 18 | — | 27 | — | 133p |
| P & O (c) | 130 | 5 | 13 | 11 | — | 18 | — | " |
| P & O (c) | 140 | 1 | — | 7 | — | 13 | 1 | " |
| Racal (c) | 360 | 10 | 1 | 30 | — | 45 | 5 | 370p |
| Racal (p) | 420 | ¾ | — | 10 | — | 18 | 2 | " |
| Racal (p) | 560 | 2 | 17 | 15 | 5 | 80 | 10 | " |
| Racal (p) | 580 | 23 | 18 | 29 | 15 | 35 | — | " |
| RTZ (c) | 420 | 32 | 4 | 50 | — | 55 | — | 448p |
| RTZ (c) | 460 | 3 | 15 | 27 | 5 | 42 | — | " |
| RTZ (p) | 460 | 17 | 7 | 30 | — | 34 | — | " |
| Vaal Rfs. (c) | 55 | 1½ | — | 5½ | — | 8 | 5 | $85 |
| Vaal Rfs. (c) | 60 | 1 | — | 3¼ | — | 5½ | 10 | " |
| Vaal Rfs. (c) | 70 | ⅛ | — | 1¾ | — | 3 | 1 | " |
| Vaal Rfs. (p) | 55 | 2¼ | — | 4 | — | 5¼ | 8 | " |
| Vaal Rfs. (p) | 60 | 6½ | — | 7½ | 8 | S | — | " |

C=Call P=Put

# Peko loses A$74m on Tennant Creek closure

CONTINUING THE tale of woe from the world's metal producers, Australia's Peko-Wallsend reports an extraordinary loss for the six months to December 31 of A$73.71m (£43m). It results mainly from the closure of the company's Tennant Creek copper smelter and Gecko copper in the Northern Territory.

The Tennant Creek flash smelter, which was commissioned in 1973, has had a chequered career. It was closed down in 1975 because of low metal prices and technical problems. Four years later it was decided to reopen the smelter and resume production at the Warrego copper-gold-bismuth mine as well as development of the Gecko mine.

In August last year Peko decided to reduce combined copper-gold operations at the Warrego and Gecko mines by about one-third because of the depressed metal prices and the unfavourable exchange rate. Although the previous technical operating problems were largely overcome, financial returns from Tennant Creek continued to be unsatisfactory.

Consequently, it was decided in October to put the smelter on a care and maintenance basis again. Production, albeit reduced, continues at the Warrego mine where about two-thirds of sales revenue is provided by gold.

Before the A$73.1m loss, Peko's results for the latest six months show a loss of A$1.2m which compares with a profit of A$11.79m a year ago. The interim dividend is being cut to 1.5 cents from 10 cents last time when a final of 5 cents was subsequently declared.

Peko's interests cover a wide spectrum of metals and minerals which include a 30.5 per cent stake in Energy Resources of Australia, the holding company for the Ranger uranium mine. Peko also has what appears to be a big, but low grade, copper-gold prospect at Parkes in New South Wales.

In view of the company's longer-term potential allied with the take-over talk that crops up from time to time, Peko shares eased only 8p to 315p yesterday.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals: Aquis Securities, Commercial Union Assurance, First Scottish American Trust, Grindlays, "Investing in Success" Equities, Ernest Jones, Murchwel, National Westminster Bank, Vantona.

FUTURE DATES

| | |
|---|---|
| Interims:— | |
| Amber Day | Feb 25 |
| British Assets Trust | Feb 24 |
| Crossland Trust | Feb 24 |
| Fletcher Challenge | Mar 9 |
| Victor Products (Wallsend) | Mar 15 |
| Finals— | |
| Blagden and Noakes | Mar 1 |
| Braimo (T. F. and J. H.) | Feb 26 |
| Clarke (T.) | Mar 1 |
| Jamesons Chocolates | Mar 11 |
| Provident Financial | Mar 31 |
| Prudential | Mar 24 |
| Rights and Issues Inv. Tst | Mar 24 |
| Yorks. Fine Woollen Spinners | Feb 26 |

## ROUND-UP

The proposed merger between Nchanga Consolidated Copper Mines and Roan Consolidated Mines, the two Zambian State-controlled copper producers, is expected to become effective on March 31. The merger terms were approved at separate board meetings in Lusaka, the Zambian capital, yesterday.

The new company, Zambia Consolidated Copper Mines, will rank as the second largest copper mining group in the world behind Chile's Codelco, with annual output of some 600,000 tonnes.

As reported here last week, the new group expects to experience severe cash shortages in the early stages, unless there are material rises in the prices of copper and cobalt.

* * *

A fire at the milling section of the Kloof gold mine in South Africa's Far West Rand on Saturday caused considerable damage, and milling operations were brought to a standstill. Consolidated Gold Fields said yesterday that mining operations were not affected, and ore will be stockpiled until the mill is brought back into operation. Gold Fields has an interest in Kloof through Gold Fields of South Africa, which holds 29.9 per cent of the mine.

# Keith Collins Petroleum completes seven wells

SEVEN GAS and oil wells have been completed by Keith Collins Petroleum Corporation in the West Texas counties of Terrell and Pecos, Mr Keith Collins, chairman, reports following his recent tour of the company's properties.

In addition, two others are being tested and a 10th is being prepared for testing. He says production sales from these wells should start shortly.

Although the settled production rate cannot yet be determined, the operator expects each well to average 1,000 mcf (million cubic feet) per day. Initial gas price is $2.57 per mcf.

The company owns 12.5 per cent working interest in the first six wells and up to 20 per cent working interest in a total of 34,514 gross (5,324 net) acres in prospects in the two counties. Its engineers have assigned 221 drillable locations in the areas.

The operator of the Meinholt Austin Chalk well in Fayette County, which started production in August 1981, reports that the well paid out in full its cost during December and continues to produce gas at a rate of approximately 4,000 mcf a day. The current gas price is $3.65 per mcf.

The well produces approximately 60 barrels of condensate daily which yields a price of $32 per barrel.

As reported by independent petroleum engineers, the company's proved reserves of oil and gas at November 30 1981 were 60,743 barrels of oil and 3,623,214 mcf of gas—a 428 per cent (oil) and 158 per cent (gas) increase over reserves at the same date in 1980.

The company has a 6.25 per cent working interest in a well, the Hrhacek-1 in Fayette County, which is being tested in the Edwards formation and subsequently an additional zone, the Austin Chalk formation, may be tested.

The company also has a 6.25 per cent working interest in a Frio sand exploratory well currently drilling below 4,000 ft. in an 1,100-acre prospect in Jackson County, Texas.

## WEEKS RAISES STAKE IN NT OIL-GAS AREA

Weeks Australia reports that it has increased its holding to some 24 per cent from 12½ per cent in the promising NT/P2 offshore oil and gas licence area of the Northern Territory. The company has done this via the acquisition of half the Aquitaine holding.

It is also planned to resume drilling next month in the permit area, the new target being the untried Vulcan structure. This follows eight earlier exploration wells drilled in the permit area between 1972 and 1980, six of which indicated hydrocarbons.

## Thomas French balance sheet 'very strong'

The balance sheet of Thomas French and Sons remained very strong Mr T. J. French, the chairman, told the annual meeting.

Productivity continued to improve, but the UK economy was still very uncertain, he said, although the group's overseas interests provided a strong cushion.

The company manufactures curtain styling products and electric surface heating equipment. The chairman said new products were coming off the assembly line, some of which were in traditional markets, but others were in entirely different ones.

Pre-tax profits for the year ended October 3 1981 rose 23 per cent from £1.34m to £1.66m, on turnover of £19.29m (£16.56m).

## EUROPEAN OPTIONS EXCHANGE

| Series | May Vol. | May Last | Aug. Vol. | Aug. Last | Nov. Vol. | Nov. Last | Stock |
|---|---|---|---|---|---|---|---|
| GOLD C $350 | 33 | 50 | — | — | 2 | 55 B | $365 |
| GOLD C $375 | 87 | 17 B | 2 | 30 | — | — | " |
| GOLD C $400 | 28 | 8.50 | 32 | 20.50 | — | — | " |
| GOLD C $425 | 54 | 6 | 50 | 12 B | — | — | " |
| GOLD P $350 | 40 | 10.50 | 7 | 14.60 | — | 26 | " |
| GOLD P $375 | 57 | 21 | 270 | 23 | — | — | " |
| GOLD P $400 | 21 | 40 | 1 | — | — | — | " |
| 12½ NL 81 87.91 | | | | | | | |
| C F.105 | 10 | 3.80 | 10 | 4.40 | — | — | F.108.60 |
| C F.107.50 | — | — | 50 | 2 | — | — | " |
| C F.110 | — | — | 1130 | 0.70 | — | — | " |
| P F.107.50 | — | — | 200 | 0.90 | — | — | " |
| 12 NL 81 85.88 | | | | | | | |
| P F.100 | — | — | 4 | 0.70 | — | — | F.103.70 |
| 10½ NL 80 86.95 | | | | | | | |
| C F.100 | 310 | 1 | 365 | 1.50 | 10 | 2 | F.99.80 |
| | April | | July | | Oct. | | |
| AKZO C F.25 | 9 | 3.20 | 25 | 3.20 | — | — | F.26.90 |
| AKZO C F.27.50 | 29 | 0.90 | 45 | 1.70 | — | — | " |
| AKZO P F.25 | 300 | 0.30 | 6 | 0.70 | — | — | " |
| AMRO C F.50 | 9 | 0.80 | — | — | — | — | F.48.20 |
| HEIN C F.55 | — | — | 7 | 1.60 | 5 | 2.50 | F.53.50 |
| HOOG C F.15 | 10 | 2.30 | 10 | 2.20 | — | — | F.16.40 |
| HOOG C F.17.50 | — | — | 148 | 1.10 | — | — | " |
| KLM C F.80 | 88 | 8.60 B | — | — | — | — | F.86 |
| KLM C F.90 | 202 | 3.60 B | 19 | [illegible] | — | — | " |
| KLM C F.110 | 99 | 1.10 | 81 | 3.50 | — | — | " |
| KLM C F.180 | 34 | 0.40 | — | — | — | — | " |
| KLM P F.80 | 7 | 0.50 | 10 | 1.50 | — | — | " |
| KLM P F.90 | 100 | 1.80 | 6 | 3.10 | 18 | 5 | " |
| KLM P F.100 | 68 | 5.50 | — | — | 5 | 9 | " |
| NEDL C F.120 | 11 | 6.50 | 10 | 7 B | 6 | [illegible] | F.122 |
| NEDL C F.140 | — | — | — | — | 20 | 2.50 | " |
| NEDL P F.120 | 75 | 2.50 | — | — | 9 | [illegible] | " |
| NEDL P F.130 | 113 | 8.80 | — | — | — | — | " |
| NEDL P F.140 | 15 | 18.50 | — | — | — | — | " |
| NATN C F.105 | 27 | 5.80 | — | — | — | — | F.107.80 |
| NATN P F.105 | 40 | 0.70 | — | — | — | — | " |
| PETR C Fr.5000 | — | — | 4 | 240 | — | — | Fr.4830 |
| PHIL C F.20 | 10 | 4.20 | 45 | 4.50 | — | — | F.24.10 |
| PHIL C F.22.50 | 171 | 2.10 | 40 | 2.50 A | — | — | " |
| PHIL C F.25 | 65 | 0.70 B | 88 | 1.30 | 83 | 1.60 | " |
| PHIL P F.20 | — | — | 26 | 0.20 | — | — | " |
| PHIL P F.22.50 | — | — | — | — | 10 | 0.60 B | " |
| PHIL P F.25 | 20 | 1 | — | — | — | — | " |
| RD C F.80 | 155 | 3.70 | 14 | 4 | — | — | F.78.50 |
| RD C F.90 | 34 | 0.40 | 36 | 1.20 | 10 | 2.20 | " |
| RD P F.70 | — | — | 15 | 1.20 | — | — | " |
| RD P F.80 | 186 | 6.90 | 66 | 5 | 15 | 5.70 | " |
| RD P F.90 | 16 | 11.70 B | — | — | — | — | " |
| UNIL C F.160 | 141 | 9.30 | 8 | [illegible] | — | — | F.160.50 |
| UNIL C F.170 | 25 | 3 | 5 | [illegible] | — | — | " |
| UNIL P F.160 | 10 | 5 | — | — | 10 | 9.50 | " |
| | May | | Aug. | | Nov. | | |
| MANN G DM.150 | 8 | 4.50 | 10 | 6.50 | — | — | DM145 |
| MANN G DM.160 | 10 | 2.50 | 10 | 6.80 | — | — | " |
| TOTAL VOLUME IN CONTRACTS: | | | 4682 | | | | |

A=Asked B=Bid C=Call P=Put



# £2.7m disposal by Hoveringham

A SUBSIDIARY of Tarmac Roadstone Holdings, Hoveringham Group, has sold the fixed and moveable plant assets of its waste control division to Biffa Holdings, a subsidiary of the British Electric Tractions company, in a £2.65m deal.

The waste control division operates waste collection and disposal business from seven depots in the Midlands, and the Home Counties.

The consideration of £2.65m is payable in cash on completion and represents roughly the value of the assets sold. The last audited accounts of the division for the year ending December 31 1980 showed a pre-tax profit of £350,000.

This is the second sale of part of the Hoveringham Group, the aggregates company, following the disposal of its insurance business.

Tarmac said it had been decided to sell the Hoveringham waste control division because it did not fit in with the existing business. Tarmac has a waste disposal operation but has no waste collection interests.

In the deal it will be selling the waste collection side of the business but will keep control of the disposal, offering Biffa certain rights of disposal in a number of Hoveringham's worked out quarry sites.

Tarmac indicated yesterday that the sale might be the last major disposal in the reorganisation of Hoveringham. Tarmac said yesterday. "It is very unlikely that there will be anything further of this size. We now have left the basic sand and gravel business. Hoveringham was only concerned in two peripheral activities—insurance and waste collection."

Tarmac acquired Hoveringham last year and subsequently disposed of the insurance broking interests.

# Searle sells UK medical side to management

Citicorp and the National Coal Board Pension fund have provided £1m in loan and equity capital to enable management to buy the UK medical products division from G. D. Searle, the UK subsidiary of the quoted U.S. pharmaceutical products manufacturer.

To be known as Franklin Medical, the new company will be headed by Mr Frank Cole, a prominent Midlands industrialist, and Mr Graham Johnson as managing director.

Franklin has purchased the majority of the assets held by Searle's UK medical products division and from its base in High Wycombe, Buckinghamshire, will market a wide range of non-ethical medical products. More than half its sales are expected to be overseas.

Citicorp Development Capital and CIN Industrial Investments, an offshoot of the NCB Pension Fund, have each provided £440,000 as a term loan and £60,000 in equity capital. Franklin's executives have subscribed an additional £60,030.

## ACC ADVISES NO ACTION

Shareholders of Associated Communications Corporation, the entertainments conglomerate, have been advised by the company to take no action following a higher offer, worth £49.4m, for the company from Heron Corporation.

"Your directors will write to you giving you their further advice in the light of all the circumstances in due course," shareholders are told.

# Boddingtons' claims 88%

Holders of 88.47 per cent of Oldham Brewery's ordinary and deferred ordinary shares have accepted the £23m offer from Boddingtons' Breweries. The 150p per share cash alternative has been accepted by holders of 5.34 per cent; the remainder electing to take the offer of shares and 9¼ per cent convertible loan stock 2000/05.

The offer has been declared unconditional and, with the exception of the cash offer which has now closed, remains open for further acceptances. Once sufficient acceptances have been received Boddingtons' will compulsorily acquire any outstanding Oldham shares under the provisions of Section 209 of the 1948 Companies Act. Dealings in the shares and loan stock issued by Boddingtons' as a result of the offer start today.

## SHEFFIELD TWIST

SKF Investments has received acceptances in respect of 58,728 preference shares of Sheffield Twist Drill and Steel (36 per cent of the total not already owned by SKF). The offer has closed and will not be revised or extended.

SKF holds 346,656 preference shares (77 per cent) and all the equity.

## SHARE STAKES

Akroyd and Smithers—The Merchant Navy Officers' Pension Fund is beneficial owner of 1.31m ordinary shares (8.19 per cent). The British Rail Pension Trustee Company, in its capacity as trustee to various railway pension funds, holds 1,005,000 ordinary (6.28 per cent).

Archimedes Investment Trust—Mr A. W. F. Clapperton has sold 38,975 capital shares and now holds 62,025 (5 1/16 per cent).

Davenports' Brewery (Holdings)—Following recent purchases Wolverhampton and Dudley Breweries now holds 487,750 ordinary shares (6 per cent).

Rowntree—J. Henry Schroder Wagg and Co., adviser to Rowntree Mackintosh, bought 35,000 ordinary shares at 164p on February 19 on behalf of discretionary investment clients.

Parambe—D. T. H. Davenport's total holding of 1.31m ordinary shares should now be regarded as beneficially held.

F. S. Ratcliffe Industries—West Bromwich Spring hold 137,500 ordinary shares.

Burns-Anderson — Mr Wm. Burns, director, has disposed of 40,000 ordinary.

Property Security Investment Trust—L. N. Tucker, director, ceased to be interested in 50,000 ordinary: Harper Investments ceased to be interested in 50,000; A. R. Perry ceased to be interested in 100,000.

## TANKS INV.

Societe Generale Holdings SA announces that its offer for the ordinary stock of Tanks Consolidated Investments has been accepted in respect of over 90 per cent. Unless the Court rules otherwise, the outstanding balance will be acquired compulsory after March 22.

## JOHN CARR

Mr John Carr, chairman of John Carr (Doncaster), the timber merchant and joinery manufacturer, has sold 100,000 shares at 78p per share. In the last accounts for the year ending September 30 1981 his beneficial holding in the group was shown as 1.9m shares.

## LONDON AND LIVERPOOL TRUST

London and Liverpool Trust has announced that 144,642 ordinary shares have been allotted as part of the deferred consideration payable to the vendors pursuant to the agreement dated June 19 1981 for the purchase of the capital of hulk hardware.

## NOLTON/DYNATECH

Completion of the sale of Nolton Communications by Nolton, the investment-holding company, to Dynatech Corporation based at Burlington, Massachusetts, is expected on February 26. The sale, which is subject to shareholders' approval, is for a total consideration of $760,000. This is for both the capital and a loan due to Nolton, and will be satisfied by the issue of Dynatech common shares.

## Income bond sales boost Liberty Life

THE CONTINUED strong demand for guaranteed income bonds last year enabled Liberty Life Assurance Company to more than double its single premium business in 1981 from £25.4m to £58.6m. Almost all of this business arose from sales of income bonds, much of it ahead of the clampdown on such sales last September by the Inland Revenue.

The company also had continuing success with its linked-life assurance business with new annual premiums increasing by 13 per cent to £7.7m. It issued around 75,000 new policies during the year, an increase of nearly 40 per cent on the number issued in 1980.

## CLYDE PET.

At the extraordinary general meeting of Clyde Petroleum, all the resolutions proposed were passed, including the increase in capital for the purpose of the rights issue, announced last month.

Provisional allotment letters have been posted and the last date for acceptance is March 15.

## Dalgety sells its Kennedy Brookes stake

Dalgety Spillers has sold its 600,000 shares in Kennedy Brookes, the catering and hotels company quoted on the Unlisted Securities Market. The shares have been placed with a variety of institutions and private investors. Dalgety acquired its holding last year as part of the £1m consideration when it sold its Mario and Franco restaurant chain to Kennedy Brookes. Mr David Jones, an executive of Dalgety remains on the Kennedy Brookes board.

## HARRIS QUEENSWAY £650,000 DEAL

Harris Queensway Group has purchased twelve stores from Newday Holdings for £650,000. The stores, located mainly in the Midlands and the North East, have a total area of approximately 89,000 sq ft and will be added to the group's chain of 108 High Street furniture stores.

The acquisition confirms the group's confidence in the future of High Street furniture retailing and continues its recent expansion in this market.

## UNITED BISCUITS/ JOSEPH TERRY

The acquisition by United Biscuits (Holdings) from Colgate Holdings (UK) of the issued share and loan capital of Joseph Terry and Sons, a wholly owned subsidiary, has been completed.

## ICFC BACKING

Micro-Biologicals of Fordingbridge, Hampshire, has been acquired by Mr Michael Roach and Mr Keith Thompson with the substantial backing of Industrial and Commercial Finance Corporation and Pegasus Holdings, the Lloyds Bank development capital subsidiary.

The company was founded in 1956 and has been under the control of the present owner Mr J. L. Woolford since 1972. Micro-Biologicals manufactures veterinary pharmaceuticals. Its sales have risen steadily to around £1.1m with profits of £224,000.

# Touche looks at Ansbacher link

Touche Remnant, which manages investment funds of more than £1.25bn is understood to be discussing taking a stake in Henry Ansbacher, the small merchant bank, as part of a plan to expand Ansbacher's operations in banking and financial services.

Ansbacher is in takeover discussions with Seascope Holdings, a shipbroking and insurance firm, and Touche Remnant could provide part of the capital to expand Ansbacher's relatively small capital base. The group has a market capitalisation of 18.2m and Touche Remnant is understood to be interested in taking a stake of about a fifth in the enlarged group.

Henry Ansbacher is a small merchant bank with assets of 63.3m. The biggest shareholder is the Lissauer Group's Associated Metals and Minerals Corporation, with 49 per cent. Grand Metropolitan, the brewing, hotels and leisure group, has an 18.7 per cent stake. It is understood that both groups will reduce their stake in Ansbacher if the Touche Remnant deal goes ahead. An announcement is expected later this week.

Under the leadership of Charles Williams, who joined Ansbacher early in 1980, Ansbacher has been reviewing its future and was at one stage interested in buying Arbuthnot Latham, the accepting house, prior to the latter's takeover.

# Barker and Dobson to buy THS Newsagents

Agreement has been reached for Lewis Meeson, the retail chain of Barker and Dobson Group, to acquire THS Newsagents, which operates a chain of stores in Hampshire, Dorset, Somerset and Avon.

The net consideration after making allowance for all current liabilities at the date of completion, is anticipated to be between £600,000 and £700,000.

An amount of £100,000 has been paid to the vendors upon exchange of contracts. The remainder will be paid as to £250,000 upon completion, £150,000 on January 1 1983 and the balance upon agreement of the net current liabilities between the THS Newsagents' auditors and the Barker and Dobson's Group auditors; but in any event, not later than six weeks after completion.

THS Newsagents, as an independent company, carrying disproportionate fixed charges in anticipation of further expansion, incurred a loss of £27,819 for the 52 weeks ended December 27 1980.

Mr Ronald Aitken, Barker and Dobson chairman, said THS is expected to have incurred further losses in 1981, although figures are not yet available. However, an immediate contribution to group profits is anticipated as soon as the deal is completed.

Mr Aitken said that "we are all set up—there will be no additional overheads and we will get a positive contribution from Day One."

It is anticipated that after the acquisition of the company, it will be further developed along the new modern store lines already established by THS Newsagents. The 15 THS stores are all leasehold.

The amalgamation is expected to be at least as successful for Lewis Meeson as the acquisition of the Guardian News chain, which is now making a significant contribution to the continuing growth and profitability of Meeson.



## THE THROGMORTON SECURED GROWTH TRUST PLC

### INTERIM REVENUE STATEMENT

UNAUDITED

| | Six Months to 31.1.82 £ | Six Months to 31.1.81 £ | Year End 31.7.81 £ |
|---|---|---|---|
| Gross Revenue | 369,918 | 362,198 | 767,398 |
| Less: Interest Charges | 162,701 | 158,747 | 319,177 |
| Administration | 24,101 | 23,041 | 57,857 |
| | 183,116 | 180,410 | 390,864 |
| Less: Taxation | 58,615 | 60,969 | 104,816 |
| Earnings for the Period | £124,501 | £119,441 | £286,048 |
| Earnings per Share | 1.25p | 1.19p | 2.86p |
| Dividends | | | |
| Interim 0.6125 pence (1981—0.6125 pence) | 61,250 | 61,250 | 61,250 |
| Final — (1981—1.9625 pence) | — | — | 196,250 |
| Cost of Dividends | £61,250 | £61,250 | £257,500 |
| Undistributed Revenue of the period | 63,251 | 58,161 | 28,548 |
| Revenue brought forward | 36,026 | 10,478 | 10,478 |
| Unappropriated Revenue carried forward | £102,277 | £68,669 | £36,026 |

The Board of Directors are pleased to declare an interim dividend of 0.6125 pence per share (1981—0.6125 pence) payable on 2nd April 1982 to ordinary shareholders on the register at the close of business on 11th March 1982.

| | | | |
|---|---|---|---|
| Net Asset Value applicable to each unit of Capital Loan Stock (Debentures at par) | 167.1p | 155.8p | 165.9p |

Financial Times Monday February 22 1982





Companies and Markets

# UK COMPANY NEWS

## Steady recovery seen by Norfolk Capital

IN HIS annual statement to the shareholders of Norfolk Capital Group, Sir Maxwell Joseph, the chairman, says the board has considerable confidence in the long term future of the group.

The current trading period will be difficult, he stresses, but there is every reason to expect a steady recovery in profitability as overall economic conditions improve over the next year or two.

In the preliminary statement earlier this month Sir Maxwell made reference to the revaluation of hotels which led to a substantial reduction in the group's net asset value.

The revaluation, he says, was undertaken to give a fair representation of the current position of the fixed assets in the balance sheet, but it must be emphasised that the market is very depressed and in due course there should be a recovery from present levels.

At September 30 1981 group fixed assets were shown at £13.61m, and this reflects a £4.49m deficit on the revaluation. And it is shown up in shareholders' funds, which have been cut back from £13.21m to £8.56m.

There was a decrease of £2.32m (increase £4.87m) in net bank overdraft during the year.

In the year ended September 30 1981 the group incurred a loss of £29,428 (profit £337,006), before tax, and the dividend was cut from 1.2p to 0.5p net. Sir Maxwell says the trading results have deteriorated since the high point reached in Silver Jubilee year, in spite of measures continually taken to improve operating efficiency and reduce costs.

Meeting, Arlington Hotel, Hayes, March 17 at 11.30 am.

## Sales move ahead at John Lewis

SALES in the John Lewis Partnership departmental stores in the week ended February 13 were up 6.9 per cent at nearly £7.5m compared with the corresponding week last year. There was a rise of 13.3 per cent to approximately £7.2m at Waitrose, the Partnership's food group.

Total sales, at ebout £14.7m, were 9.8 per cent higher on the corresponding week last year, and for the two weeks to Februry 13 were ahead by 10 per cent.

## DAVY RIGHTS

Acceptances have been received in respect of 94.3 per cent of the 18.9m shares of Davy Corporation offered in a rights issue. The balance has been sold in the market.

## Robert Horne holds profit

AGAINST A background of increasing difficulty for the paper and printing industries Robert Horne and Co. managed to maintain pre-tax profits at £1.94m, against £1.92m previously, for the year to September 30 1981. Mr Kenneth Horne, chairman, says that all subsidiaries will contribute to overall group profit this year, helping the company to "hoist the final profit figure to over £3m for the first time."

The group carries on the business of paper merchant. Other activities include the distribution of industrial fasteners, warehousing and the operation of a computer bureau. It is a private, family-controlled and independent company.

The final dividend of 2.5p gives a total for the year of 7.5p on ordinary shares of £1.

Turnover for the group moved ahead from £61.07m to £62.75m. An analysis of turnover and trading profits (£1.86m) by division shows: paper merchanting £59.74m and £2.08m; distribution of industrial fasteners £2.71m and £13,524; other activities £303,568 and losses £236,812.

The paper company, says Mr Horne, did exceptionally well to contribute over £2m to group profits. This was the result of management skill and a general determination to meet targets. The Irish company also made its usual substantial contribution, he says, but adds that losses in other subsidiaries brought the pre-tax result to just under £2m.

"Continued recession in the printing trade," says Mr Horne, "was meant tight margins and some severe bad debts, and there is little sign of any improvement." However, as the leading distributor of printing paper in the UK, he says the group has maintained its market share and be expects it to show more satisfactory profits in the current yeer.

Pre-tax profits were struck after lower profits on disposal of fixed assets of £15,000 (£24,000) and higher interest received of £66,000 (£62,000). Tax took more at £840,000 (£540,000).

Attributable profits emerged lower at £1m (£1.3m) after higher extraordinary debits of £65,000 (£41,000) which arose on the closure of a coating subsidiary. Minorities took £34,000 (£35,000).

The group's consolidated balance sheet showed higher shareholders' funds of £7.6m (£6.75m). Bank and cash balances fell from £1.48m to £503,000. Secured bank loans moved from £722,000 to £105,000 and bank overdrafts from £453,000 to £654,000.

Meeting, Northampton, March 2 at 4.30 pm.



# BUILDING CONTRACTS

## £2.8m for Shepherd

WORTH OVER £2.8m, e contract to build Phase 5 in the development of Kidderminster General Hospital, for West Midlands Regional Health Authority, has been won by the Gloucester area of SHEPHERD CONSTRUCTION. Phase 5 comprises the demolition of an existing block and the construction of a three/four storey cruciform-shaped ward block. This will be a brick clad, concrete-framed structure. A link corridor, incorporating a service duct, connecting the new block with existing buildings, forms part of the contract. Ancillary works include access ramp, retaining wall, play aree and car park. Site work commences on March 1, and the project is due for completion in April 1984.

★

AN ORDER for £400,000 worth of SGB Cuplok scaffolding system has been placed by J. P. Whelan and Sons (Construction) which will use this on formwork contracts in the London and Croydon areas.

★

TARMAC COMPANY BRIGGS AMASCO has over £850,000 worth of work for roofing projects at the St James Shopping Centre, Edinburgh, Kingdom Shopping Centre, Glenrothe'a, and a new sorting office at West Street in Glasgow.

★

A CONTRACT worth £142,457 has been awarded by Warrington and Runcorn Development Corporation to BUCKTON CONTRACTORS for the Birchwood District Park Footbridge in the Birchwood district of Warrington New Town.

★

MOWLEM COMPANY ERNEST IRELAND has just started a £1m job to build the third phase of an office development at Somerset Street, Bath, for Ebbey Life of London. Also announced is a Slough Estates Design and Construction award to build the first phase of nursery units on the Westlea Down Industrial estate at Swindon.

★

THE ROYAL Free Hospital's whole body scanning machine is to be installed in a building which HIGGS AND HILL will construct under a £150,000 contract.

★

BOVIS CIVIL Engineering has won a £1.25m job from Blue Circle Industries for the construction of a new filter press/cake store building at Northfleet, Kent cement works.

★

A £575,000 contract to BOVIS CONSTRUCTION is to fit out part of a building located at St Paul's Churchyard, London, EC4 for the Istituto Bancario San Paolo di Torino.

★

WORK WORTH about £1.7m has gone to WILCON CONSTRUCTION for projects including a new warehouse et Milton Keynes for Routeco; road widening and resurfacing end a £1.5m warehouse both at Newport Pagnell for Wilson (Connolly) Properties.

★

FAIRCLOUGH BUILDING, north eastern division, has been ewarded contracts, together worth £1.7m for work in Yorkshire and the north east. The division, based in Garforth, will build a vehicle aervice centre at Flush, Heckmondwike, under a £340,000 contract for British Gas. Work on the steel-framed brick clad building starts this month. At Thornley, Peterlee, 77 council homes will be modernised in a £460,000 contract for Easington District Council. In Sunderland, Fairclough will alter and extend the Fewcett Street branch of Barclays Bank. Work on the 65-week £290,000 contract has started. Work is also underway on the conversion of former government stores building into offices for Cnlcrete at Thorpe Arch, near Wetherby. The contract is worth £110,000.

★

FIRST STAGE in the reclamation of e 95 bectare derelict waterfront site in Liverpool—initially to be used as the site of the first National Garden Festival—has begun following the award of a £1.9m contract to WESTMINSTER DREDGING COMPANY by the Merseyside Development Corporation. The 10-month-long contract involves dredging some 360,000 cu metres of silt from the Herculaneum Dock. This work is being executed by the dismantable cutter suction dredger Eem which was transported to site by road and assembled inside the dock. The silt will be replaced by 470,000 cu metres of sand won from the River Mersey. A further 120,000 cu metres of reclamation material is also being pumped ashore for later use in levelling the adjoining Dingle Tank Farm and other areas of the garden centre site. Sub-contractor Boskalis Westminster Construction, a sister company to Westminster Dredging, will demolish various existing structures and clear about 80,00 cu metres of rubble. Further works in the disused tank farm include the removal of overburden and rock, a further 100,000 cu metres.

★

CONTRACTS, WORTH over £1.5m, have been won by Ford and Weston, Derby. They include tha conversion of Bridgford Hotel, Nottingham, into a civic centre for Rushcliffe Borough Council, and further work on e new £7.8m flour mill at Corby, Northants, for Allied Mills.

CARDIFF OFFICE of Wimpey Construction UK has been awarded a £211,000 contract by the Cwmbran Development Corporation to build a factory in Llantanam Industrial Park, Gwent. In addition to building tha 920 square metre factory the contract calls for drainage, paths, retaining walls, fencing and landscaping. Work has started and is expected to be complete in June.

★

A £250,000 single-storey building for the testing of motor engines is being constructed by Birmingham builder WILLIAM SAPCOTE AND SONS at the Motor Industry Research Association, Nuneaton. The construction is linked by corridor to the existing building and will incorporate a fitting shop, plant room and six engine cells.

★

CLOUGH SMITH, part of the Oakwood Group, has been awarded two contracts valued at aome £300,000 with the North of Scotland Hydro-Electric Board involving reconductoring and refurbishing 73 km of the Kintore / Fiddes / Brechin / Taaling and Errochty/Bonnybridge 132 kV overhead lines, both contracts to be completed during 1982.

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 14 % | Robert Fraser | 14 % |
| Allied Irish Bank | 14 % | Grindlays Bank | ‡14 % |
| American Express Bk. | 14 % | ■ Guinness Mahon | 14 % |
| Amro Bank | 14 % | ■ Hambros Bank | 14 % |
| Henry Ansbacher | 14 % | Haritable & Gen. Trust | 14 % |
| Arbuthnot Latham | 14 % | ■ Hill Samuel | §14 % |
| Associates Cap. Corp. | 14 % | C. Hoare & Co. | †14 % |
| Banco de Bilbao | 14 % | Hongkong & Shanghai | 14 % |
| BCCI | 14 % | Knowsley & Co. Ltd. | 14½ % |
| Bank Hapoalim BM | 14 % | Lloyds Bank | 14 % |
| Bank Leumi (UK) plc | 14 % | Mallinhall Limited | 14 % |
| Bank of Cyprus | 14 % | Edward Manson & Co. | 15 % |
| Bank Street Sec. Ltd. | 15½ % | Midland Bank | 14 % |
| Bank of N.S.W. | 14 % | ■ Samuel Montagu | 14 % |
| Banque Belge Ltd. | 14 % | ■ Morgan Grenfell | 14 % |
| Banque dn Rhone et de la Temise S.A. | 14½ % | National Westminster | 14 % |
| Barclays Bank | 14 % | Norwich General Trust | 14 % |
| Beneficial Trust Ltd. | 15 % | P. S. Refson & Co. | 14 % |
| Bremar Holdings Ltd. | 15 % | Roxburghe Guarantee | 14½ % |
| Bristol & West Invest. | 15 % | E. S. Schwab | 14 % |
| Brit. Bank of Mid. East | 14 % | Slavenburg's Bank | 14 % |
| ■ Brown Shipley | 14½ % | Standard Chartered | ‖14 % |
| Canada Perm't Trust | 14½ % | Trade Dev. Bank | 14 % |
| Castle Court Trust Ltd. | 14½ % | Trustee Savings Bank | 14 % |
| Cavendish G'ty T'st Ltd. | 15½ % | TCB Ltd. | 14 % |
| Cayzer Ltd. | 14½ % | United Bank of Kuwait | 14 % |
| Cedar Holdings | 14 % | Whiteaway Laidlaw | 14½ % |
| ■ Charterhouse Japhet | 14 % | Williams & Glyn's | 14 % |
| Choulartons | 14½ % | Wintrust Secs. Ltd. | 14 % |
| Citibank Savings | ¶14 % | Yorkshire Bank | 14 % |
| Clydesdale Bank | 14 % | | |
| C. E. Coates | 14½ % | | |
| Consolidated Credits | 14 % | | |
| Co-operative Bank | *14 % | | |
| Corinthian Secs. | 14 % | | |
| The Cyprus Popular Bk. | 14 % | | |
| Duncan Lawrie | 14 % | | |
| Eagil Trust | 14 % | | |
| E.T. Trust | 14 % | | |
| Exeter Trust Ltd. | 15 % | | |
| First Nat. Fin. Corp. | 17 % | | |
| First Nat. Secs. Ltd. | 17 % | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.50%, 1-month 11.75%. Short term £8,000/12 month 14.10%.
† 7-day deposits on sums of:—under £10,000 11½%, £10,000 up to £50,000 12¼%, £50,000 and over 12¾%.
‡ Call deposits £1,000 and over 11½%.
‖ 21-day deposits over £1,000 13%.
§ Demand deposits 12%.
¶ Mortgage base rate.

## CONTRACTS AND TENDERS

# APPOINTMENTS

## Chairman of Bostik

Mr Ronald J. Griffiths has been appointed chairman of BOSTIK, with responsibility for the company's four plants in the UK and Eire. He has been managing director of Bostik for the last two years. Prior to that he was a group business director with the Bostik chemical group.

*

Canon Arthur Payton, managing director of INTER-CHURCH TRAVEL, a Thomas Cook subsidiary, retires on March 31. The work of Canon Payton will be carried on by Archdeacon Peter Mallett and the general manager Mr Douglas Cady.

*

Mr Charles Abrahams has been named president of AQUASCUTUM on relinquishing his appointment as deputy chairman and managing director of the group and its subsidiary companies.

*

Mr R. K. Drummond, of Thornton, Drummond and Brett, has been appointed a director of DAVID SCOTT GROUP.

*

Dr Derek Temple has been appointed director-general of the ZINC AND LEAD DEVELOPMENT ASSOCIATIONS to succeed Mr Ross Stubbs who is retiring. Dr Temple was chief executive of Imperial Smelting Processes, a member of the RTZ Group. He has been president of the Institution of Mining and Metallurgy and is a governor of the Camborne School of Mines and a member of the council of the BNF Metals Technology Centre. Dr Temple will be joining ZDA/LDA in mid-March.

*

Mr Kenneth Millichap has been appointed chairman of TRUSTEE SAVINGS BANK NORTH WEST, replacing Mr Jonathan Hayes. Mr Millichap is a senior partner with chartered accountants, Arthur Young McClelland Moores and Co. in Manchester.

*

Management and production resources of Tarmac's Readycrete and Ralliblock operations have been combined with those of Topmix, the former Hoveringham company. Heading the newly-formed TARMAC TOPMIX organisation are managing director Mr Bob Whiteside and assistant managing director Mr Peter Hart, both based at Matlock. Before the merger Mr Whiteside ran Hoveringham's Topmix company. Mr Hart joined Tarmac Roadstone last year.

*

SSP PUMPS has promoted its general sales manager Mr Marcel Verhoeven to sales and marketing director.

The BARTLETT insurance brokers group has made a number of changes in group structure and management. At Bartlett Insurance Brokers Group Mr D. Worrall has resigned as a director. Bartlett and Co.: Mr D. Worrall has resigned as a director; Mr R. Thomas is appointed fire manager; and Mr M. Hammond is appointed liability manager. Bartlett Risk Management: This is a newly formed subsidiary of Bartlett Insurance Brokers Group: Mr D. M. Milne is appointed managing director; and Mr D. Worrall and Mr R. K. C. Connor are appointed risk management consultants. Bartlett Newbridge Credit: Mr T. Butcher is to act as consultant. Newbridge Credit Brokers: This company is now a wholly-owned subsidiary of Bartlett Insurance Brokers Group. Mr E. P. George continues as managing director.

*

Mr Eddie Abbott, Mr David Baggs and Mr Gilmour Thom will be joining the partnership of L. MESSEL AND CO., stockbrokers, on April 17. Mr Peter Spicer will be retiring from the partnership on April 16.

*

Mr Peter Metcalf is joining PARKDALE INTERNATIONAL in April as director responsible for overseas development. He recently resigned as managing director of Towry Law (Channel Islands). Parkdale Management Services has appointed Mr Peter Barlow as a director in the Leeds office. Mr Barlow was formerly assistant director at Towry Law (Northern). Both Parkdale companies are financial services subsidiaries of W. Goodkind and Sons.

*

INITIAL SERVICES has appointed Viscount Colville of Culross, as a non-executive director.

*

Mr Peter C. H. Lightfoot, who joined the Leicester-based FREDERICK PARKER GROUP last year, has been appointed group financial director.

*

Mr Paul Lavender joins WELBECK STEEL SERVICES as a director and Mr Ian Trigcony in addition to his responsibilities as chief accountant of Welbeck International also becomes a director of Steel Services.

*

COATED PAPERS has appointed Mr John K. Clark as sales director.

*

Mr Richard J. Reeves has been appointed group company secretary of RANSOME HOFFMANN POLLARD. He is also finance director of RHP Electrical.

*

Mr Albert King has been appointed to the board of WELWYN ELECTRONICS as finance director. Previously he was with the Wheelabrator-Frye Inc. group. Welwyn Electronics is part of the Royal Worcester Group.

# CURRENCIES, MONEY and GOLD

## $ & £ easier

Dollar finished around its best levels of the day against most currencies, but still lost ground overall as a result of the easier trend in U.S. interest rates following the improvement in the money supply figures on Friday. Federal funds showed a downward trend, as did Eurocurrency interest rates, and there were cuts in prime rates by minor U.S. banks.

Sterling weakened on expectations of lower values for North Sea oil and a decline in London interest rates.

Belgian franc rose to the top of the European Monetary System, following its devaluation on Sunday.

DOLLAR—Trade-weighted index (Bank of England) 111.7 against 111.9 on Friday, and 111.0 six months ago. Three-month Treasury bills 12.70 per cent (15.66 per cent six months ago). Annual inflation rate 8.9 per cent (9.6 per cent previous month)—The dollar fell to DM 2.3520 from DM 2.3645 against the D-mark; to FFr 6.0125 from FFr 6.0175 against the French franc; to SwFr 1.8710 from SwFr 1.8850 in terms of the Swiss franc; and to Y232.15 from Y233.25 against the Japanese yen.

STERLING — Trade-weighted index 91.4 against 91.5 at noon, 91.7 in the morning, 91.6 at the previous close, and 92.3 six months ago. Three-month interbank 14⅜ per cent (14½ per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling weakened against the dollar and Continental currencies yesterday. It opened at $1.8625-1.8635, but lost ground as a result of lower world oil prices and on the easier trend in London interest rates, closing at $1.8475-1.8485, a fall of 60 points on the day. The pound fell to DM 4.35 from DM 4.3850; to FFr 11.1025 from FFr 11.1525; to SwFr 3.46 from SwFr 3.4950; and to Y429.50 from Y432.50.

D-MARK — EMS member (weakest). Trade-weighted index 122.1 against 130.9 on Friday, and 115.8 six months ago. Three-month interbank 10.275 per cent (12.80 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark fell to the lowest position in the EMS following the devaluation of the Belgian franc and Danish krone. It was firmer against nearly all major currencies at the Frankfurt fixing however. The Irish punt rose to DM 3.5270 from DM 3.5220, but all other members of the EMS lost ground to the German currency. The dollar fell to DM 2.3488 from DM 2.3585 after the Bundesbank sold DM 8.1m, compared with DM 12.3m on Friday. There was no sign of intervention by the central bank on the open market, with the dollar's weakness attributed to the fall in U.S. interest rates following Friday's sharp reduction in the money supply figures. Sterling fell to DM 4.3520 from DM 4.3820 at the fixing.

BELGIAN FRANC — EMS member (strongest, following the devaluation on Sunday). Trade-weighted index 97.6 against 104.0 on Friday, and 105.4 six months ago. Three-month Treasury bills 14.75 per cent (15.75 per cent six months ago). Annual inflation 8.3 per cent (8.1 per cent previous month)—The franc lost ground to all currencies at the Brussels fixing, following the devaluation of the currency against its EMS partners. A gradual reduction in Belgian interest rates is expected to follow the weekend move, with the central bank cutting the rates on Treasury certificates by ½ per cent yesterday. At the fixing the dollar rose to BFr 42.60 from BFr 40.26, and sterling to BFr 79.10 from BFr 74.79. Within the EMS the D-mark rose to BFr 18.1850 from BFr 17.0570; the French franc to BFr 7.13 from BFr 6.71025; the Dutch guilder to BFr 16.5770 from BFr 15.5475; and the Irish punt to BFr 64.15 from BFr 60.04.

## THE POUND SPOT AND FORWARD

| Feb 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.8460-1.8640 | 1.8475-1.8485 | 0.05-0.15c dis | −0.65 | 0.42-0.52dis | −1.02 |
| Canada | 2.2440-2.2610 | 2.2465-2.2475 | 0.17-0.07c pm | 0.64 | 0.28-0.38dis | −0.59 |
| Nethlnd. | 4.76-4.80 | 4.76½-4.77½ | 1¾-1½c pm | 3.77 | 5¼-4½pm | 4.09 |
| Belgium | 78.50-79.20 | 78.95-79.15 | 5c pm-25 dis | −1.52 | 5-35 dis | −1.01 |
| Denmark | 14.46-14.57 | 14.52-14.53 | ¾-1¾ore dis | −0.83 | 5¼-6¼ dis | −1.57 |
| Ireland | 1.2310-1.2360 | 1.2315-1.2335 | 0.32-0.43p dis | −3.65 | 1.17-1.37dis | −4.12 |
| W. Ger. | 4.33-4.37 | 4.34½-4.35½ | 1¾-1¼pf pm | 3.79 | 4¼-4½ pm | 4.02 |
| Portugal | 125.75-127.50 | 126.95-126.95 | 30-150c dis | −8.52 | 120-380 dis | −7.89 |
| Spain | 186.75-188.00 | 188.35-187.15 | 15-40c dis | −1.76 | 60-80 dis | −1.60 |
| Italy | 2,227-2,238 | 2,229-2,230 | 12½-15 lire dis | −7.21 | 41¼-44½ dis | −7.43 |
| Norway | 10.87-11.05 | 10.97-10.98 | 2-¾ore pm | 1.57 | 1¼-¾ pm | 0.34 |
| France | 11.06-11.12 | 11.10-11.11 | par-1c dis | −0.54 | 2¼-3¼ dis | −1.17 |
| Sweden | 10.58-10.68 | 10.58-10.60 | 1-¾ore pm | 0.64 | 2½-1½ pm | 0.59 |
| Japan | 427-433 | 429-430 | 2.80-2.50y pm | 7.40 | 7.90-7.60 pm | 7.22 |
| Austria | 30.40-30.65 | 30.45-30.50 | 15-12gro pm | 5.31 | 41-34 pm | 4.92 |
| Switz. | 3.44-3.49 | 3.45-3.46 | 3½-2¾c pm | 5.83 | 7¼-6¼ pm | 5.63 |

Belgian rate is for convertible francs. Financial franc 83.85-83.95. Six-month forward dollar 0.82-0.92c dis. 12-month 1.60-1.80c dis.

## THE DOLLAR SPOT AND FORWARD

| Feb 22 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.8460-1.8640 | 1.8475-1.8485 | 0.05-0.15c dis | −0.65 | 0.42-0.52dis | −1.02 |
| Ireland† | 1.5020-1.5100 | 1.5030-1.5050 | 0.42-0.32c pm | 2.95 | 1.28-1.08 pm | 3.13 |
| Canada | 1.2140-1.2160 | 1.2150-1.2155 | 0.04-0.03c pm | 0.44 | 0.05-0.02 pm | 0.13 |
| Nethlnd. | 2.5710-2.5770 | 2.5735-2.5755 | 1.08-0.98c pm | 4.80 | 3.31-3.21 pm | 5.06 |
| Belgium | 42.35-42.75 | 42.72-42.75 | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | 7.8125-7.8750 | 7.8500-7.8600 | 0.10-0.20ore dis | −0.27 | 0.25-0.75dis | −0.25 |
| W. Ger. | 2.3400-2.3525 | 2.3515-2.3525 | 0.92-0.87pf pm | 4.57 | 2.63-2.58 pm | 4.43 |
| Portugal | 68.15-68.80 | 68.55-68.75 | 25-80c dis | −9.17 | 80-230 dis | −9.04 |
| Spain | 101.10-101.45 | 101.30-101.35 | par-10c dis | −0.59 | 10-25 dis | −0.69 |
| Italy | 1,205½-1,207½ | 1,206½-1,207 | 6-7lire dis | −6.46 | 13-20 dis | −6.15 |
| Norway | 5.9300-5.9770 | 5.9350-5.9400 | [illegible] | [illegible] | [illegible] | [illegible] |
| France | 5.9825-6.0150 | 6.0100-6.0150 | 0.20c pm-par | 0.20 | 0.20-0.50 dis | −0.23 |
| Sweden | 5.7270-5.7400 | 5.7300-5.7330 | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | 228.80-232.90 | 232.10-232.20 | 1.85-1.50y pm | 8.14 | 4.85-4.70 pm | 8.23 |
| Austria | 16.45-16.51½ | 16.47-16.48 | 9¼-7½gro pm | 6.01 | 25¼-22¼ pm | 5.83 |
| Switz. | 1.8650-1.8775 | 1.8705-1.8715 | 1.07-0.97c pm | 6.54 | 2.95-2.85 pm | 6.41 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## CURRENCY MOVEMENTS

| Feb. 22 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 91.4 | −32.3 |
| U.S. dollar | 111.7 | +4.3 |
| Canadian dollar | 87.0 | −17.2 |
| Austrian schilling | 116.4 | +34.0 |
| Belgian franc | 97.6 | +0.9 |
| Danish kroner | 84.0 | −12.3 |
| Deutsche mark | 122.1 | +44.5 |
| Swiss franc | 153.6 | +105.6 |
| Guilder | 114.5 | +20.8 |
| French franc | 79.2 | −14.6 |
| Lira | 55.0 | −57.6 |
| Yen | 140.3 | +34.3 |

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

## CURRENCY RATES

| Feb. 12 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.611728 | 0.568272 |
| U.S. $ | 12 | 1.13377 | 1.05737 |
| Canadian $ | 14.74 | 1.38332 | 1.28722 |
| Austria Sch. | 6¾ | 18.2256 | 17.1403 |
| Belgian F. | 14 | 48.7564 | 41.7330 |
| Danish Kr. | 11 | 8.46061 | 8.03570 |
| D mark | 7½ | 2.68107 | 2.45047 |
| Guilder | 8½ | 2.94423 | 2.69573 |
| French Fr. | 9½ | 6.81693 | 6.33268 |
| Lira | 19 | 1434.05 | 1308.04 |
| Yen | 5½ | 258.277 | 241.053 |
| Norwgn. Kr. | 9 | 6.73629 | 6.15070 |
| Spanish Pta. | 8 | 114.774 | 104.991 |
| Swedish Kr. | 11 | 6.54931 | 6.05833 |
| Swiss Fr. | 6 | 2.13690 | 1.94986 |
| Greek Dr'ch. | 20½ | — | 63.9048 |

## OTHER CURRENCIES

| Feb. 22 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 18,551-18,371† | 10,000-10,080† | Austria | 30.40-30.70 |
| Australia Dollar | 1.7090-1.7110 | 0.9255-0.9260 | Belgium | 82.25-83.25 |
| Brazil Cruzeiro | 256.51-267.31 | 139.36-150.01 | Denmark | 14.50-14.64 |
| Finland Markka | 8.296-8.300 | 4.4885-4.4895 | France | 11.04-11.14 |
| Greek Drachma | 110.462-114.832 | 60.55-60.70 | Germany | 4.33-4.37 |
| Hong Kong Dollar | 10.88-10.89 | 5.8855-5.8905 | Italy | 2220-2270 |
| Iran Rial | 150.40* | 81.00* | Japan | 431-436 |
| Kuwait Dinar (KD) | 0.526-0.530 | 0.2846-0.2847 | Netherlands | 4.75-4.79 |
| Luxembourg Fr. | 78.85-79.15 | 42.73-42.75 | Norway | 10.90-11.00 |
| Malaysia Dollar | 4.2575-4.2675 | 2.3030-2.3050 | Portugal | 123-130 |
| New Zealand Dlr. | 2.3060-2.3100 | 1.2475-1.2490 | Spain | 186-193 |
| Saudi Arab. Riyal | 6.33-6.36 | 3.4125-3.4135 | Sweden | 10.55-10.65 |
| Singapore Dollar | 3.8775-3.8875 | 2.0975-2.0995 | Switzerland | 3.45¼-3.49¼ |
| Sth. African Rand | 1.8010-1.8030 | 0.9745-0.9755 | United States | 1.84-1.86 |
| U.A.E. Dirham | 6.78-6.84 | 3.6715-3.6756 | Yugoslavia | 80-96 |

† Now one rate. * Selling rate.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU February 22 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.6963 | 44.2020 | −1.11 | −1.11 | ±1.5493 |
| Danish Krone | 8.18382 | 8.12798 | −0.68 | −0.68 | ±1.6428 |
| German D-Mark | 2.41815 | 2.42780 | +0.39 | +0.39 | ±1.1097 |
| French Franc | 6.19564 | 6.19066 | −0.08 | −0.08 | ±1.3743 |
| Dutch Guilder | 2.67296 | 2.66369 | −0.35 | −0.35 | ±1.5069 |
| Irish Punt | 0.686799 | 0.687452 | +0.10 | +0.10 | ±1.6689 |
| Italian Lira | 1305.13 | 1302.14 | −0.23 | −0.23 | ±4.1242 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for February 22 ........ 0.568810

## EXCHANGE CROSS RATES

| Feb. 22 | Pound St'rling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.848 | 4.350 | 429.5 | 11.11 | 3.460 | 4.766 | 2230. | 2.247 | 79.00 |
| U.S. Dollar | 0.541 | 1. | 2.354 | 232.4 | 6.012 | 1.872 | 2.580 | 1207. | 1.216 | 42.75 |
| Deutschemark | 0.230 | 0.425 | 1. | 98.74 | 2.554 | 0.795 | 1.096 | 535.3 | 0.517 | 18.17 |
| Japanese Yen 1,000 | 2.328 | 4.303 | 10.13 | 1000. | 25.87 | 8.056 | 11.10 | 5424. | 5.232 | 184.1 |
| French Franc 10 | 0.900 | 1.663 | 3.916 | 386.6 | 10. | 3.114 | 4.291 | 2007. | 2.023 | 71.15 |
| Swiss Franc | 0.289 | 0.534 | 1.257 | 124.1 | 3.211 | 1. | 1.372 | 644.5 | 0.649 | 22.85 |
| Dutch Guilder | 0.210 | 0.388 | 0.912 | 90.09 | 2.330 | 0.726 | 1. | 466.0 | 0.471 | 16.58 |
| Italian Lira 1,000 | 0.420 | 0.783 | 1.867 | 184.4 | 4.769 | 1.485 | 2.047 | 1000. | 1.008 | 35.33 |
| Canadian Dollar | 0.445 | 0.822 | 1.936 | 191.1 | 4.944 | 1.540 | 2.122 | 1037. | 1. | 35.19 |
| Belgian Franc 100 | 1.266 | 2.339 | 5.506 | 543.3 | 14.05 | 4.377 | 6.031 | 2947. | 2.843 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 22)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 15 1/8 | offer 15 1/4 | bid 15 3/8 | offer 15 5/8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## EURO-CURRENCY INTEREST RATES (Market closing Rates)

| Feb. 22 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Belgian Franc Convertible | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 14⅛-14¼ | 14-14¼ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 7 days' notice | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

SDR linked deposits: one month 12⅞-13⅛ per cent; three months 13⅛-13⅜ per cent; six months [illegible] per cent; one year 13⅝-13⅞ per cent. ECU linked deposits: one month [illegible]. Asian $ (closing rates in Singapore): [illegible]. Long-term Eurodollar two years 15¼-15½ per cent; three years 15¼-15½ per cent; four years 15¼-15½ per cent; five years [illegible] per cent nominal closing rates. [illegible] The following rates were quoted for London dollar certificates of deposit: one month 14.35-14.45 per cent; three months 14.40-14.50 per cent; six months 14.60-[illegible].

## MONEY MARKETS

### London rates fall

London clearing bank base lending rate 14 per cent (since January 25)

Interest rates fell sharply in the London money market yesterday, following the larger than expected drop in the U.S. money supply figures last week, while the Bank of England cut its market dealing rates by up to ¼ per cent.

Day-to-day credit was in short supply, and the authorities gave assistance after taking into account the following factors. Bills maturing in official hands and a net take-up of Treasury bills −£629m, coupled with over-paid money from the Amersham share offer −£400m; partly offset by Exchequer transactions of +£477m; and a fall in the note circulation helping the market to the extent of +£95m.

The shortage was forecast at £650m in the morning, but was amended to £500m later in the day.

Before lunch the Bank of England bought £67m of bank bills through purchases of £4m in band 1 (up to 14 days maturity) at 13 13/16 per cent; £17m in band 2 (15-33 days) at 13¾ per cent; 20m in band 3 (34-63 days) at 13 11/16 per cent; and £26m in band 4 (64-84 days) at 13⅝ per cent.

In the afternoon the authorities gave a further £430m of help by buying more bank bills. They bought £8m in band 1 at 13 13/16 per cent; £120m in band 2 at 13¾ per cent; £46m in band 3 at 13 11/16 per cent; and £16m in band 4 at 13⅝ per cent.

In the interbank market three-month money fell to 14 5/16 per cent from 14 15/32 per cent.

In Brussels the Belgian National Bank reduced the interest rates on Treasury bills following the devaluation of the franc over the weekend. One, two and three-month bills were cut by 0.25 per cent to 14.25 per cent, 14.60 per cent and 14.75 per cent respectively.

In Rome the Bank of Italy offered to provide liquidity by repurchase agreements on 15 per cent of the three, six and 12-month Treasury bills to be auctioned at the end of the month.

In Paris call money fell to 14⅛ per cent from 14⅜ per cent, resuming the downward trend which ended in the middle of last week after call money had touched a nine-month low of 14 per cent. Tighter money market conditions then pushed up the call rate, but another downturn was indicated on Friday when the Bank of France cut its money market intervention rate by ¼ per cent to 14⅛ per cent when buying FFr 19bn of first category paper.

## GOLD

### Weaker trend

Gold fell $2 in the London bullion market yesterday, to $365-366. It opened at $365½-$366½, the highest level of the day, and fell to a low of $361¾-362¾. The metal was fixed at $364.00 in the morning, and $364.25 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 70,000 per kilo ($363.17 per ounce) in the afternoon, compared with FFr 70,000 ($364.06) in the morning, and FFr 71,000 ($368.33) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,535 per kilo ($364.99 per ounce), against DM 28,135 ($370.82) previously, and closed at $364-365, compared with $359-370.

In Zurich gold finished at $364-367, against $368-371.

| | Feb. 22 | | Feb. 12 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $365-366 | (£197¼-197¾) | $367-368 | (£198-198½) |
| Opening | $365½-366½ | (£196¼-196¾) | $367½-362¼ | (£128¼-198¾) |
| Morning fixing | $364 | (£196.068) | $368.70 | (£198.798) |
| Afternoon fixing | $364.25 | (£196.998) | $369.25 | (£198.949) |
| **Gold Coins** | | | | |
| Krugerrand | $376-677 | (£206¼-203¾) | $378-370 | (£204-204½) |
| 1/2 Krugerrand | 3192-107 | (£106-106½) | $194¾-125¾ | (£105-106½) |
| 1/4 Krugerrand | $99-100 | (£53½-54) | $29-100 | (£53½-54) |
| 1/10 Krugerrand | $40-41 | (£21½-22¼) | $40½-41½ | (£21¾-22½) |
| Mapleleaf | $377-378 | (£203¾-204½) | $378½-376½ | (£204¾-204¾) |
| New Sovereigns | $89-89½ | (£48¼-48½) | $89¾-90¼ | (£48½-48¾) |
| King Sovereigns | $104-106 | (£59¼-56¾) | $106-107 | (£67¼-57¾) |
| Victoria Sovs. | $104-106 | (£56¼-56¾) | $106-107 | (£57¼-57¾) |
| French 20s | $88-98 | (£47½-53) | $88-99 | (£47½-53) |
| 50 pesos Mexico | $453-456½ | (£245-246¼) | $455-458 | (£245½-247½) |
| 100 Cor. Austria | $355½-358 | (£192¼-193½) | $357-360 | (£192¾-194¼) |
| $20 Eagles | $498-503 | (£269¼-072) | $501-506 | (£270½-273) |

## MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime rate | 17 |
| Fed. funds (lunch time) | 13⅝-13⅞ |
| Treasury bills (13-week) | 12.70 |
| Treasury bills (26-week) | 12.92 |
| **GERMANY** | |
| Special Lombard | 10.00 |
| Overnight rate | 10.05 |
| One month | 9.825 |
| Three months | 10.275 |
| Six months | 10.275 |
| **FRANCE** | |
| Intervention rate | 14.125 |
| Overnight rate | 14.375 |
| One month | 14.25 |
| Three months | 14.50 |
| Six months | 14.4375 |
| **JAPAN** | |
| Discount rate | 5.90 |
| Call (unconditional) | 6.40625 |
| Bill discount (three-month) | 6.53125 |

## LONDON MONEY RATES

| Feb. 22 1982 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount Market Deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 14-14¾ | 14⅛ | — | — | 14⅛-14¼ | 13½-14 | — | — | — |
| 2 days notice | — | — | 14¼-14⅜ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 14⅜-14⅝ | 14¼-14⅜ | — | — | — | — | — | — | — |
| One month | 14 7/16-14 3/16 | 14⅜-14⅝ | 14⅜ | 14¾-14⅜ | 14½ | 14¾ | 14-14⅛ | — | — | — |
| Two months | 14 1/16-14 3/16 | 14¼-14 7/16 | — | 14⅝-14¼ | 14½ | 14¾ | 16¾-16⅞ | 13¾-13 13/16 | 16¾ | 14⅝ |
| Three months | 14-13⅞ | 14 5/16-14⅜ | 14⅜ | 14⅝-14¼ | 14⅛ | 14¾ | 13½-13⅝ | 13½-13⅝ | 13⅛ | 14⅝ |
| Six months | 13 11/16-13 15/16 | 14⅛-14 7/16 | 14⅝ | 13⅝-13¼ | 14¼ | 14⅝-14¾ | 13⅜-13½ | 13⅜ | 16⅝ | 14 |
| Nine months | 13 13/16-13 15/16 | 14⅛-14 7/16 | — | 14⅝-14 | 14¼ | — | — | — | 13 | 13⅝ |
| One year | 13 13/16-13 15/16 | 14⅛-14 7/16 | 14¼ | 14⅛-13⅞ | 14¼ | — | — | — | — | — |
| Two years | — | — | 14⅜ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅝ per cent; four year 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 15/16 per cent; four months trade bills 14 per cent.

Approximate selling rate for one month Treasury bills 13⅝ per cent; two months 13⅝ per cent; three months 13½ per cent. Approximate selling rate for one month bank bills 13 25/32 per cent; two months 13 23/32 per cent and three months 13 13/32 per cent; one month trade bills 14⅛ per cent; two months 13⅞ per cent; three months 13⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from February 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.6173 per cent.

Certificates of Tax Deposits (Series 5) 14⅞ per cent from February 16. Deposits withdrawn for cash 11 per cent.

# FT UNIT TRUST INFORMATION SERVICE

## OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd.

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdevra S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

I.C. Trust Managers Ltd.

IGF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

King & Shaxson Mngrs.

Kleinwort Benson Group

Korea International Trust

The Korea Trust

Lazard Brothers & Co. (Jersey) Ltd.

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds Bank International, Guernsey

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Man. (Jersey) Ltd.

Quilter/Hemold Commodities

RBC Investment Managers Limited

Ramnco Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Schroder Unit Trust Mgrs. Int. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Signal Life Assurance Co. Ltd.

Singer & Friedlander Ldn. Agents

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

M. G. Tyrrell & Co. (Jersey) Ltd.

Union-Investment-Gesellschaft mbH

V.C.A. Financial Management Ltd.

Vanbrugh Fund Mngmt. Intl. Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

NOTES

[illegible]

# Flood of Eurodollar offerings as interest rates fall

BY ALAN FRIEDMAN

THE EURODOLLAR bond market was hit by a barrage of issues totalling $600m yesterday, as managers raced to launch new paper on the back of falling interest rates.

Eurodollar bonds were up ½ point last night, while in New York the long Treasury bond gained more than a point. The six-month Eurodollar deposit rate fell to 15 per cent from 15⅜ per cent on Friday.

D-mark, foreign and Swiss franc six-month deposit rates also declined yesterday as Europe's capital markets were encouraged by the latest fall in U.S. M-1 money supply figures.

It was clear yesterday that the Euromarket felt it had found a "window" for borrowers to bring issues at lower coupons. "Everybody has been wearing out his index finger ringing borrowers around the world," explained one new issue manager.

The first new issue yesterday was a $150m five-year offer for Canadair, the government-owned aircraft company. Morgan Guaranty is guaranteeing the 15¼ per cent paper, which is priced at 99¾. This borrower is a clear example of the rush to the market — the only reason Morgan Guaranty is temporarily guaranteeing the paper rather than the Canadian Government is that the Canadian Parliament has not yet had a chance to approve a guarantee.

Occidental Petroleum is in the market with $75m of five-year paper through Swiss Bank Corporation International and Dean Witter. The coupon on this single A-triple B rated paper is indicated at 16¼ per cent, the highest seen yesterday.

Hiram Walker, meanwhile, is offering $75m of 16 per cent seven-year paper through S. G. Warburg. There are no call provisions.

A $100m 15-year adjustable coupon offer is out for Citicorp through Credit Suisse First Boston and Citicorp International Bank. This is effectively three-year paper as the borrower may change the coupon every three years and the bonds are redeemable at the borrower's or holder's option.

For the first three years the coupon is indicated at 15¼ per cent. Citicorp may elect, at the end of three years, to change the terms of the coupon by linking it for example to a spread over the U.S. long Treasury yield.

CSFB was also working on a $150m seven-year offer for the European Investment Bank last night. This will provide a 15¼ per cent coupon at a price of par. But the feature on this offer is that after the third year the EIB will retire *half of the* issue, making the average life of the bonds five years.

The sixth new offer yesterday came through Citibank for the Australian Industrial Development Corporation. This is $25m of five-year paper with a $25m tap for up to four years. At a price of 99¼ the indicated yield is 15.65 per cent.

As this minnow-sized Australian deal went out yesterday it was learned that Mr John Howard, Australia's Federal Treasurer had denied the Euromarket's recent rumours of a jumbo floating rate notae offer. Mr Howard said in Sydney: "I deny it and I don't understand what the basis for it is."

In Rome yesterday, the Bank of Italy said it had delayed for 24 hours the opening of subscriptions for its 500m ECU issue. The delay followed the EEC's various weekend devaluations.

The Deutsche Mark foreign sector registered a ¼ point rise and the Swiss franc foreign bond market picked upas well.

A SwFr 100m 10-year offer is being launched for the Province of Quebec. UBS is lead-manager and the indicated coupon is 7¾

# American Airlines in profit for year

By Ian Hargreaves in New York

AMERICAN AIRLINE'S, the fourth largest U.S. carrier, incurred a $20.2m loss in the final quarter of last year, but still managed to make a profit for the year as a whole.

The company's audited final quarter loss compared with a deficit of $61.5m in the final quarter of 1980, a period when American took a $57m write-off to cover losses on aircraft sales.

For the year, American earned $47.4m net, against a loss of $75.8m in 1980, although th e1981 figures were heavily affected by various special factors.

Among the extraordinary items in the 1981 figures are a $7.1m gain from selling property and a $1.9m from the sale of tax benefits.

At the operating level, American's earnings were $6.8m in 1981, against a $151.6m loss from continuing operations in 1980.

American's figures published yesterday, however, do show a number of more hopeful trends for the U.S. airline industry, which has just ended the worst year in its history.

## Marshall Field

Marshall Field and Co said the temporary restraining order issued last week against Mr Carl Icahn and other defendants in a lawsuit filed by the company had been lifted from yesterday. The defendants will make privately negotiated purchases of the company's shares from institutional holders in blocks of 20,000 as a result while from today all other transactions affected by the temporary restraining order would be lifted. The Icahn-led group has built up a holding of almost one-fifth in the retailer, writes Our Financial Staff.

The problems of other major borrowers have not affected Brazil. **Peter Montagnon** reports

# Brazil on way to $13.6bn target

UNDAUNTED BY the problems of other major borrowers, Brazil has been quietly pulling in large amounts of money from the international banking system.

According to Dr Carlos Langoni, its central bank governor, 1982 inflows from foreign borrowing should reach around $5bn by the end of February, including a carry-over of about $2bn in unused commitments from last year.

This already puts Brazil well on the way to meeting its foreign borrowing target for 1982 of about $13.6bn, and senior Brazilian officials are once again in a buoyant mood about their country's international credit rating.

Indeed Dr Langoni says there should be some room for a "natural decline" in margins for Brazilian loans, as well as the opportunity to raise about $1bn in excess cash this year to add to the country's reserves.

Part of this optimism stems from Brazil's success in turning round its visible trade balance. After a deficit of $2.8bn in 1980, Brazil managed to chalk up a trade surplus of $1.2bn last year. This year an even more ambitious surplus target of $3bn has been set.

But while commercial bankers concede that this improvement in the trade picture has helped Brazil's image in financial markets, they add that it may not be quite as easy as appears at first sight to keep the money flowing.

One reason for this is the sheer weight of Brazil's borrowing programme. Another is that many European banks are well stocked with Brazilian paper. Also, with margins on loans to other Latin American countries now rising funds may be diverted to other borrowers that might have gone to Brazil.

Brazil now seems to be heavily reliant for its funds on some of the relatively smaller lenders, such as U.S. regional banks and banks in the Middle East.

For this reason, individual loans have remained rather small. Private sector deals have been pushed in preference to larger scale syndications for public sector entities, a policy which is likely to continue in 1982.

Funds raised abroad by Brazilian private sector banks last year totalled $6.2bn out of total foreign borrowings of $17.4bn, Dr Langoni says. This year the actual amount will remain the same, although total borrowings will decline, giving the private bank deals a greater share in total loans.

Margins on public sector loans have now settled at around 2¼ points over Eurodollar rates, or 1½ per cent over prime, for eight years. Together with tax credits that can be obtained from lending to Brazil, some bankers claim that it is the most lucrative home for Euromarket funds.

The tax credits are made possible through the issue to lenders of certificates showing that witholding tax has been paid on a particular deal. Although the tax is actually paid by the borrower, the lending bank can sometimes use the certificate to claim a tax credit in its own country.

A number of bankers believe that Brazil will have to maintain its policy of offering generous terms to lenders to keep funds flowing in. Dr Langoni says that Brazil will not try to force the market lower.

In particular, Brazil is not prepared to trade lower spreads for shorter maturities, which would only cause problems by piling up maturities in the future.

Brazil's foreign debt now totals around $61.4bn, a figure which will rise to more than $70bn this year. This makes it particularly vulnerable to the vagaries of U.S. interest rates.

It already expects to pay net interest on its foreign debt of around $9.5bn this year, assuming that Eurodollar rates remain at an average of about 16.5 per cent. Last year, Brazil paid net interest of $8.7bn, considerably more than the projected $6.7bn because of the rise in U.S. rates.

Its foreign trade targets also call for another $4.5bn increase in exports to $28bn, which according to Sr Ernani Calveas, the Finance Minister, is to be achieved through expanding into new markets in Africa and the Middle East. Yet such an ambitious programme could easily be upset by the deepening world recession.

On the imports side, one bright spot is the country's success in reducing its dependence on imported oil. Oil imports fell from 900,000 barrels per day in 1980 to only 830,000 last year and should at least be held at the same level this year at an estimated cost of $10.3bn.

Dr Langoni says that with high interest rates at home, importers of other products are unlikely to step up their purchases much in order to rebuild inventories. There is, he argues, little chance of imports growing much faster than the expected $1.7bn to $25bn in 1982.

Besides the basic target of $13.6bn for foreign borrowings, Brazil also expects to raise $1.8bn abroad this year in supplier credits and loans from multilateral organisations, such as the World Bank. New direct investment in Brazil will total $1.9bn.

These two figures compare with $1.2bn and $1.5bn in 1981. Added to the total raised in financial credits they would bring capital inflows to $17.3bn, enough to cover a projected current account payments deficit of $10.1bn and debt repayments of $7.2bn.

BRAZIL FOREIGN DEBT INDICATORS

| | 1980 | 1981 | 1982 target |
|---|---|---|---|
| Foreign debt ($bn) | 53.8 | 61.4 | 70.1 |
| Reserves ($bn) | 6.9 | 7.5 | 7.5 |
| Net debt | 46.9 | 53.9 | 62.6 |
| Exports ($bn) | 20.1 | 23.3 | 28.0 |
| Debt Service ($bn) | 13.0 | 16.8 | 16.7 |
| Net debt/exports | 2.33 | 2.31 | 2.23 |
| Debt service exports | 0.65 | 0.72 | 0.60 |

Source: Official figures/FT estimates

# Annual earnings show 25% decline at MCA

BY OUR FINANCIAL STAFF

AFTER A final quarter of depressed earnings, MCA, the leisure and entertainments company which owns Universal Studios, ended fiscal 1981 with a sharper setback than anticipated.

Net earnings tumbled by 25 per cent to $89.8m, or $3.77 a share, for the year, although revenues held firm at $1.33bn against $1.30bn. The picture is brightened somewhat by the $12.3m gain from tax settlements included in the 1980 total.

The board blames reduced profits in the filmed entertainment division, which was the source of 84 per cent of total earnings in 1980 for the setback. The directors refer to a "substantial reduction" n theatrical revenues

Also there were "significantly larger losses" at Columbia Savings and Loan, the previously announced disposal of which will be considered at a board meeting on March 2. Several forms of divestment will be considered.

MCA's records group and retail and mail order divisions showed substantial improvement in 1981.

The final quarter of the year brought some moderation in the profit fall, reflecting an improvement in the filmed entertainment division as well as increased earnings in the retail and mail order businesses. But, with losses still increasing at Columbia and a higher tax provision, net earnings for the quarter showed a 17 per cent fall to $14.13m, or 60 cents

# Heublein sues General Cinema

By Our Financial Staff

HEUBLEIN — a merger factor in the U.S. vodka market and owner of Kentucky Fried Chicken, has filed suit in a Federal District Court in New York in an attempt to force General Cinema to sell the 2.1m Heublein shares it has bought since November.

The suit accused General Cinema of making an illegal tender offer for Heublein and asks the court to compel General Cinema to sell the stock, which represents about 10 per cent of Heublein's capital.

In St Petersburg, Florida, Mr Hicks B. Waldron, Heublein's president said Heublein expected to report record sales and earnings for fiscal 1982. In the year to June 30 last net earnings were $86.4m on sales of $1.6bn.

# AT and T sets out likely plan for telephone units

BY OUR NEW YORK STAFF

AMERICAN TELEPHONE AND TELEGRAPH will probably bundle its 22 operating subsidiaries into seven and spin them off in order to implement the anti-trust settlement recently reached with the Justice Department.

The telephone utility announced these plans as part of what it termed a "planning model" for the restructuring task which lies ahead.

Each of the seven new companies, based on geographical markets, would be an independent unit with its own equity capital and executive officers. Each would also be bigger than the largest independent telephone company currently in existence, General Telephone and Electronics.

AT and T will have 18 months from the moment the anti-trust settlement receives final court approval to arrange and complete the divestiture. The settlement forces AT and T to get out of the operating end of the telephone business, but allows it to break into new markets such as data transmission.

● The Supreme Court yesterday refused to hear Mobil Corporation's appeal of lower court rulings rejecting its proposed merger with Marathon Oil. In October Mobil announced a tender offer for shares of Marathon. Rejection of the Mobil-Marathon merger proposals paved the way for the merger between Marathon and U.S. Steel Corporation, which took place in early January.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 16. Closing prices on February 22

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Anheuser-Busch 16½ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| APS Fin. Co. 17⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| APS Fin. Co. 16⅛ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Armco O/S Fin. 15⅞ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bank Montreal 16⅛ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Br. Colum. Hyd. 16⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Br. Colum. Mis. 17 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Nat. Rail 14⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Caterpillar Fin. 16⅝ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CFMP 16⅛ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CIBC 16⅛ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Citicorp O/S 16⅛ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Cities Service 17 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Cons.-Bathurst 17⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dupont O/S 14⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dupont O/S Cap. 0.0 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 16⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gen. Elec. Credit 0.0 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gen. Elec. Credit 0.0 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| GMAC O/S Fin. 16⅝ 84 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| GMAC O/S Fin. 16 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gulf States O/S 17⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan Airlines 15⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. Bk. Canada 16⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. West. 14⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New Brunswick 17 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New & Lab. Hy. 17⅜ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ohio Edison Fin. 17⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKG 15⅜ 87 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ontario Hyd. 16 91 (N) | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pac. Gas & El. 15⅝ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| J. C. Penney Gl. 0.0 94 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Quebec Hydro 17⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Quebec Prov. 15⅜ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Saskatchewan 16⅛ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden 14⅝ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swed. Ex. Cred. 16⅝ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Texas Eastern 15⅞ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Transcanada 16⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Transcanada 18 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Winnepeg 17 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| WMC Fin. 16⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Bank 16⅛ 86 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Bank 15⅞ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day [illegible] on week [illegible]

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 9⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgelectric 11 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CECA 10 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Coun. of Europe 10 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Coun. of Europe 10⅛ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EEC 10⅜ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 10⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 9⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finland, Rep. of 10⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Inter-American 10 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Inter-American 10⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland 10⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mexico 11 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Midland Int. Fin. 8½ 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Mt. Bk. Dnmk. 10⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. West. 9⅛ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New Zealand 9⅝ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKB 10⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKB 9⅝ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Quebec Hydro 10⅞ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swed. Ex. Cred. 10⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Venezuela 11⅛ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Bank 10 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day [illegible] on week [illegible]

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Ansett Transport 7⅝ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian Dev. Bank 8 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Australia 6⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgelectric 7⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bell Canada 7⅝ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bq. de Autopistas 8 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark 7⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Osmo Petroleum 7⅝ 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 7⅝ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Elec. de France 7 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ENEL 8 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Genstar 7 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| I/S Elsam 6⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan Air Lines 7⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Neder. Gasunie 8 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nippon T. and T. 6⅝ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKB 7⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Oslo, City of 8 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ost. Donaukraft 7 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swed. Ex. Credit 7⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| TNT O/S Fi. 8 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Transcanada Pipe. 7 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Unilever NV 7⅝ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Bank 7 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| World Bank 6 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day [illegible] on week [illegible]

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Asian Dev. Bk. 8⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Australia 6⅝ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 7⅝ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finland, Rep. of 8⅝ 87 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Int.-Amer. Dev. 8⅝ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| New Zealand 8⅝ 87 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day [illegible] on week [illegible]

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Can. Utilities 17 86 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CIBC 15⅝ 88 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pancanadian 16⅝ 88 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Quebec 17⅜ 87 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Queb. Urban 16⅝ 88 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Terdom Cor. 16⅝ 88 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Trasaita 17 89 C$ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| M. Bk. Dnmk. 8 91 EUA | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SOFTE 8⅝ 89 EUA | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U. Bk. Nwy. 9⅝ 90 EUA | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Algemene Bk. 10⅝ 86 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Amfas Group 12⅝ 86 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Amro Bank 12 86 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Amro Bank 12 85 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Heineken NV 10 87 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pierson 10⅝ 85 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Rabobank 12 86 Fl | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Air France 14⅝ 86 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bk. America 14⅝ 85 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Charb'nages 13⅝ 85 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 14⅝ 88 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| La Redoute 14⅝ 85 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OKB 14 86 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Solvay et C. 14⅝ 86 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swed. E. Cr. 14⅝ 86 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U. Mex. Sta. 14 85 FFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Acena 14 85 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Beneficial 14⅝ 90 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| BNP 13⅝ 91 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CECA 13⅝ 88 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Citicorp O/S 13⅝ 90 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Fin. Ex. Cred. 13⅝ 86 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Gen. Elec. Co. 12⅝ 89 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Hiram Walker 14⅝ 86 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Privatbanken 14⅝ 88 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| J. Rothschild 14⅝ 90 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Royal Trustco 14 86 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swed. Ex. Cr. 13⅝ 86 £ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Akzo 9⅝ 87 LuxFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Eurotom 9⅝ 88 LuxFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Eurofima 10⅝ 87 LuxFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| EIB 9⅝ 88 LuxFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Volvo 9⅝ 87 LuxFr | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Bank of Montreal 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bank of Tokyo 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bq. Nove Scotia 5⅜ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| BFCE 5⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| BFCE 5⅜ 87 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Christiania Bk. 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Co-Ban Eurofin 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Den Norske Cred. 5⅜ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Genfinance 5⅜ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Giro und Bank 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| GZB 5⅜ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ind. Bank Japan 5⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Lloyds Eurofin 5⅜ 93 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| LTCB Japan 5⅜ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Midland Int. Fin. 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Midland Fin. 5⅜ 89 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. Bk. Canada 5⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. West. Fin. 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nat. West. Fin. 5⅜ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nippon Credit 5⅜ 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nordic Int. Fin. 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Offshore Mining 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Pemex 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| PKbanken 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sanwa Int. Fin. 5⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Scotland Int. 5⅜ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sec. Pacific 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Societe Generale 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Standard Chart. 5⅜ 91 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sumitomo Fin. 5⅜ 88 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Toronto Dom'n 5⅜ 92 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Average price changes... On day [illegible] on week [illegible]

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| Ajinomoto 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 3.98 |
| Bow Valley Inv. 8 95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 50.90 |
| Bridgestone Tire 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | −0.62 |
| Canon 6⅝ 95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 4.53 |
| Daiwa Secs. 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | −7.37 |
| Fujitsu Fanuc 4⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 9.65 |
| Furukawa Elec. 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | −4.59 |
| Hanson O/S Fin. 9⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 86.16 |
| Hitachi Cred. Con. 5 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 0.82 |
| Honda Motor 5⅝ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.73 |
| Inchcape 8 95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.60 |
| Kawasaki 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 12.71 |
| Marui 6 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 0.59 |
| Minolta Camera 6 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 14.05 |
| Minorco 9⅝ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6.62 |
| Murata 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.67 |
| NKK 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 10.37 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | −13.01 |
| Nippon Electric 5⅝ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.67 |
| Orient Finance 5⅝ 97 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.35 |
| Sanyo Electric 5 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 8.01 |
| Sumitomo Met. 5⅝ 96 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.78 |
| Swiss Bk. Cpn. 6⅝ 90 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2.28 |
| Konishiroku 8 90 DM | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 20.76 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 0.60 |
| Mitsubishi H. 6 89 DM | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5.72 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



## N. AMERICAN QUARTERLIES

| BEKER INDUSTRIES | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 80.1m | 84.8m |
| Net profits | †6.62m | 7.06m |
| Net per share | †0.56 | 0.61 |
| Year | | |
| Revenue | 234.6m | 285.2m |
| Net profits | †4.88m | 28.88m |
| Net per share | †0.41 | 2.49 |

† Loss

| COMBINED INTNL. | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 288.4m | 194.4m |
| Net profits* | 22.2m | 31.0m |
| Net per share* | 0.82 | 1.14 |
| Year | | |
| Revenue | 964.2m | 757.0m |
| Net profits* | 100.2m | 96.9m |
| Net per share* | 3.70 | 3.58 |

* Operating

| DI GIORGIO | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 220.3m | 239.4m |
| Net profits | 2.71m | 3.74m |
| Net per share | 0.39 | 0.53 |
| Year | | |
| Revenue | 891.5m | 888.2m |
| Net profits | 8.43m | 10.3m |
| Net per share | 1.31 | 1.45 |

| FIRST BOSTON | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 113.9m | 47.1m |
| Net profits | 24.4m | 4.2m |
| Net per share | 4.30 | 0.75 |
| Year | | |
| Revenue | 291.5m | 214.2m |
| Net profits | 46.3m | 33.9m |
| Net per share | 8.35 | 8.23 |

| GILLETTE | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 599.8m | 628.2m |
| Net profits | 25.8m | 24.6m |
| Net per share | 0.85 | 0.82 |
| Year | | |
| Revenue | 2.33bn | 2.32bn |
| Net profits | 124.3m | 124.0m |
| Net per share | 4.11 | 4.11 |

| GULF RESOURCES & CHEMICAL | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 95.5m | 104.9m |
| Net profits* | 4.39m | 7.39m |
| Net per share* | 0.21 | 0.75 |
| Year | | |
| Revenue | 375.4m | 344.3m |
| Net profits* | 12.68m | 4.89m |
| Net per share* | 1.38 | 0.49 |

* Operating

| LEASEWAY TRANSPORTATION | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 241.7m | 241.8m |
| Net profits | 12.18m | 12.36m |
| Net per share | 1.02 | 1.04 |
| Year | | |
| Revenue | 977.1m | 943.8m |
| Net profits | 44.0m | 41.0m |
| Net per share | 3.70 | 3.46 |

| NATIONAL CAN | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 332.7m | 347.1m |
| Net profits | †1.87m | 5.37m |
| Net per share | †0.24 | 0.51 |
| Year | | |
| Revenue | 1.53bn | 1.55bn |
| Net profits | 24.7m | 50.5m |
| Net per share | 2.38 | 5.03 |

| NATIONAL GYPSUM* | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 226.0m | 246.5m |
| Net profits | 7.87m | 15.39m |
| Net per share | 0.48 | 0.93 |
| Year | | |
| Revenue | 985.7m | 983.9m |
| Net profits | 38.82m | 60.67m |
| Net per share | 2.41 | 3.88 |

*Revised

| NORTHWEST AIRLINES | 1981 $ | 1980 $ |
|---|---|---|
| Fourth quarter | | |
| Revenue | 437.2m | 417.5m |
| Net profits | †3.1m | 5.7m |
| Year | | |
| Revenue | 1.8bn | 1.6bn |
| Net profits | 10.5m | 7.1m |
| Net per share | 0.48 | 0.33 |

† Loss

# Denmark still a favoured borrower

**Squeezed by rising public spending and faltering tax revenues, the Danish Government continues to borrow heavily. Its latest foray into international credit markets coincides with a kroner devaluation. Hilary Barnes reports**

THE WARM response to Denmark's latest foray into the credit markets suggests that this small Scandinavian nation is still a prime borrower despite its obvious economic problems.

Denmark is borrowing $500m in the U.S. and $200m in Europe, and both credits look like being extended by $50m if initial reaction among the lending banks is anything to go by.

But Finance Ministry officials, who began a tour of major U.S. cities yesterday, face stiff questioning from their hosts, not least on the prospect of economic recovery after the weekend's devaluation of the kroner.

Terms of the $200m credit, which is for eight years with a grace period five years, will be ½ over London inter-bank offered rate for the first five years and ⅝ per cent over Libor for the remaining years. The $500m credit, which is for seven years, will have a four-year grace period and the interest rate will be 0.15 per cent over the Citibank prime rate for the first four years on 0.25 per cent over thereafter.

With deficits on the balance of payments in every year except one since 1961, Denmark has been an active international borrower in recent years, but it was only after the first oil "crisis" that a substantial part of the country's capital import requirement began to be covered by the kingdom and other public sector borrowers. This tendency culminated in 1981, when there was a small outflow of private capital and the entire external financing requirement was provided by the public sector.

This was deliberate policy, reflecting an attempt by the Government not to increase Danish interest rates but to allow a narrowing of the gap between the Danish and international rates. Still, as there was an outflow of foreign exchange totalling DKr 5.4bn ($697m) in 1981, with the foreign exchange reserves falling by DKr 2bn in December and DKr 2.5bn in January, the Government may not be able to maintain this policy for much longer. It could shortly be forced to allow domestic interest rates to move up in order to encourage private sector capital imports once again.

After 20 years of external deficits the country's net foreign debt is now in the region of DKr 146bn, not counting foreign exchange reserves of DKr 23.5bn at the end of 1981. Including foreign exchange reserves, net debt works out at 30 per cent of the gross domestic product.

The kingdom's share of the debt outstanding at the end of last year was DKr 57.5bn, other public sector borrowers accounted for a little more than DKr 25bn and the private sector for an estimated DKr 63bn, according to the National Debt Office.

The debt servicing schedule on the public sector debt in 1982 totals DKr 16.4bn, of which interest payments will be DKr 8.4bn, rising to a peak of DKr 17.4bn in 1983.

But despite the structural rigidities of its external financing, the response to the country's two big new credits indicates that Denmark, in spite of its enormous foreign debt, is still regarded as a very attractive prospect. One reason is undoubtedly a per capita income which is among the three or four highest in the Organisation for Economic Co-operation and Development area.

But Denmark has also done much towards putting its house in order over the past two years. Since 1980 the Government has been committed to a medium-term plan under which two of the main objectives are to reduce the current external deficit as a proportion of GDP year by year and to bring about an improvement of between 2 per cent and 3 per cent a year in the relative competitiveness of Danish export industries.

The current balance of payments deficit has been cut from DKr 15.3bn in 1979, when it was about 4.5 per cent of GDP, to DKr 12.8bn last year, about 3 per cent of GDP.

Moderate wage increases combined with exchange rate depreciation brought about an improvement of about 18 per cent in relative labour unit costs in manufacturing over the two years, enabling exports in 1981 to increase by 19 per cent. Last year for the first time for 20 years there was a surplus on the balance of visible trade. Net interest payments of DKr 14.1bn were the main cause of the continued current account deficit.

The economic going may be tougher in 1982, which is why the Danes devalued the kroner by 3 per cent at the weekend. The Government expects the current balance of payments deficit to increase by about DKr 2bn, and some forecasters think the deterioration could be greater. Wage rates in manufacturing, which rose by about 9.5 per cent last year, are expected to increase by about 12 per cent in 1982.

The Government, however, remains committed to its medium-term objectives, which are designed to bring about a gradual expansion of exports as a means of reducing unemployment, now running at 9 per cent, and eventually putting the economy on a more even keel.

# Esso Italiana falls into the red

By James Buxton in Rome

ESSO ITALIANA, the largest foreign oil company operating in Italy, fell back into losses last year. It blamed them on the Government's refusal to apply promptly the agreed formula to permit rises in product prices.

Esso, a subsidiary of Exxon of the U.S., suffered a loss of L80bn ($47m) on the domestic market. However, good export results cut the operating loss to L40bn and stock profits reduced the provisional overall loss for the year to L3bn-L4bn, against a profit of L102bn in 1980. Turnover was L5,300bn in 1982, 22 per cent above 1980.

Because of the difficulties of operating in Italy, Esso Italiana has decided to cut its investment programme for 1982 from L110bn to L30bn. All new projects will be cut out and the only spending will be on maintenance and on completing existing projects.

The company is also cutting the amount of crude oil it is processing in Italy because it is more economic to import products from refineries abroad. Crude to be processed in the first quarter of 1982 will be 17 per cent down on the equivalent period of 1981 and supplies to the market will fall 14 per cent.

"The present uncertainties about the system of prices in operation mean that the company will decide its supply plans only on a short-term basis," said Sig Luciano Bassi, director of external relations.

All the companies with integrated operations in Italy are expected to report losses on domestic business for 1981. The Government applied the pricing formula at least 45 days late every time it indicated a rise in prodnct prices.

At the beginning of this month the Government infuriated the companies by applying the pricing formula almost at once to reduce product prices on the grounds that oil companies' profit margins had got now out of line with the EEC average.

# Alfa Laval lifts full year earnings and turnover

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN GOTHENBURG

ALFA LAVAL, the Swedish farm equipment and process engineering group, raised pre-tax profits by 7 per cent to SKr 510m ($88.7m) in 1981, according to preliminary figures released yesterday. Sales climbed by 11.7 per cent to SKr 7.26bn ($1.26bn).

The board proposes to raise shareholders' dividend by SKr 1 to SKr 7 a share for a total payment of SKr 72.8m. This complies with the directors' intention announced in the 1980 annual report of pursuing a "competitive dividend policy."

The reported earnings are bigger than forecast. At the halfway stage Mr Harry Faulkner, the managing director, predicted a decline in second half profits to give unchanged earnings for the full year. Alfa Laval now shows second half earnings of SKr 310m, against SKr 200m for the first half and SKr 206m for the last six months of 1980.

A change has been made in the accounting method for exchange losses. For 1981 unrealised exchange losses have been balanced against unrealised gains. Where the gains have exceeded the losses, the surplus has been allocated to the reserves.

Alfa Laval says the profit improvement compared with 1980 that would have resulted from the accounting change has been eliminated by increasing correspondingly the reserves for construction work in progress.

As expected, the performance of the agri division, which manufacturers farm and dairy equipment, declined. Demand weakened on many markets, especially within the EEC, while heavy interest rates discouraged capital investments by farmers. Sales rose by only 1 per cent, indicating a substantial decrease in volume.

Sales by the industrial division advanced by 16 per cent and accounted for half group turnover. Both operating results and profitability improved. Other divisions raised sales by 14 per cent.

At the end of December, Alfa Laval's order book, at SKr 3.5bn, was about 38 per cent larger than a year earlier. The board expects the consolidated result and group profitability to improve in 1982.

# Norgas raises payout as profits advance strongly

BY OUR FINANCIAL STAFF

NORGAS, THE Norwegian industrial group, reports a strong rise in profits for 1981 and is increasing its dividend to NKr 3.75 a share from NKr 3.

Profits before extraordinary items rose by 80 per cent to NKr 130m ($22m), thanks largely to last year's merger with Nyegaard, which contributed profits of NKr 47m. The original Norgas side improved by 15 per cent.

Sales by the group, whose activities range from industrial gases to marine equipment and pharmaceuticals, rose to NKr 1.4bn, for a gain of 55 per cent. Nyegaard's contribution was NKr 200m.

The industrial gases and marine services divisions both moved smoothly forward, increasing sales and earnings.

Sales of marine services increased by 37 per cent to NKr 512m and profits moved up by a fifth to NKr 40m. The ships service operation is 54 per cent owned by Norgas.

In industrial gases and welding, profits improved by 10 per cent, rising to NKr 47m. Sales in this division were ahead by a similar percentage at NKr 479m.

Norgas points out that the acquisition of Smitweld, a Dutch maker of welding electrodes, also contributed to the upturn in results.

# Akzo and Shell Chemicals in pvc link

By Charles Batchelor in Amsterdam

AKZO and Shell Chemicals plan to merge their vinyl chloride and polyvinyl chloride (pvc) activities in the Netherlands. The two companies will establish a joint venture with its own management which will assume responsibility for their four plants making pvc related products.

Akzo Zout Chemie, the salt and bulk chemicals division of Akzo, will bring a 100,000-tonne chlorine plant and a 500,000-tonne vinyl chloride monomer (vcm) factory, both in Moerdijk, into the venture. A 250,000-tonne chlorine plant due to come on stream in a year will also be brought in.

Shell will contribute its 500,000-tonne ethylene plant at Moerdijk and its 200,000-tonne pvc plant at Pernis, near Rotterdam.

Shell and Akzo hope to strengthen their position in the vcm and pvc markets, where overcapacity in Western Europe has led to tough competition. No reduction in capacity will result from the link-up and no jobs will be lost.

# Dutch engineers in Saudi venture

THREE DUTCH engineering companies, VMF-Stork, Stork Werkspoor Diesel and Holec, plan to co-operate on projects in Saudi Arabia, writes Our Amsterdam Correspondent.

They have established a Riyadh-based company, Helaissi-Stork, together with a local contractor to combine their marketing activities. The Saudi partner, Helaissi, has a half-stake in the venture and the three Dutch companies equal shares in the remaining half.

The Dutch partners expect to co-operate on electricity generating and air-conditioning projects.





## INTERNATIONAL APPOINTMENTS

# Cultural affairs post at Time Inc.

● TIME INC., New York, has created a new office of corporate cultural affairs and named Mr Zachary P. Morfogen as its director. He had been managing director of the company's Books and Arts Associates and of "The Search for Alexander" project, which brought to the U.S. the exhibition of Greek artifacts from the age of Alexander the Great at San Francisco's DeYoung Museum. The exhibition is co-sponsored by Time Inc. Mr Morfogen will remain in charge of the Alexander project while exploring new opportunities for corporate sponsorship of the arts.

● Mr M. D. Bridgland has been appointed a director of ANZ BANK, Melbourne. He was appointed chairman and managing director of ICI Australia in March, 1980.

● AM INTERNATIONAL, Chicago, has appointed Mr Edward McNulty as division vice-president, finance, of the company's international division. In this newly-created position, he will be responsible for overseeing and directing all financial reporting aspects of the company's international subsidiaries.

● Mr Alvin Gene Jones is promoted to vice-president-operations of ADDINGTON BROTHERS MINING, INC. an Ashland Coal, Inc. company. He is now responsible for the day-to-day supervision and management of all mining production and related activities for ABMI in Eastern Kentucky.

● ETHYL CORPORATION, Richmond, Va., has promoted Mr Roger A. Moser to senior vice-president of research and development, Mr Andrew O. Wikman to vice-president of industrial chemicals and Mr Wayne T. Davis to general manager of special chemicals, from March 1. Mr Moser succeeds Mr Paul W. Murrill, senior vice-president of R and D, who has resigned to become chairman and chief executive officer of GULF STATES UTILITIES COMPANY on March 1. Mr Wikman succeeds Mr Moser and Mr Davis succeeds Mr Wikman. They continue to be based in Baton Rouge, La.

● Mr Robert M. Abplanalp has been promoted to assistant vice-president, and Mr Ronald J. Clark and Mr Robert O'Sullivan have been appointed officers, as managers, at the FEDERAL RESERVE BANK OF NEW YORK. Mr Abplanalp has been assigned to the planning and control area, Mr Clark to the communications planning department, and Mr O'Sullivan to the bank analysis department.

● FIDELITY INTERNATIONAL BANK, New York City-based subsidiary of Fidelity Bank in Philadelphia, has appointed Mr Bernard L. Grayson, senior vice-president, as general manager and promoted Mr Edmund Beyda to vice-president.

● YB Dato Haji Ahmad Nordin bin Haji Mohd Zain and Mr Yap Choon Seng have been appointed additional directors on the board of the RENONG TIN DREDGING COMPANY, Singapore. Mr Ong Joo Theam has been appointed alternate director to Tan Sri Abdul Aziz bin Zain. YB Dato Yeoh Cheang Lee has resigned from the board.

● Mr Christopher H. Hebb, has been appointed president and a director of AERO ENERGY, Toronto. He was formerly executive vice president of Kaiser Steel Corporation, Oakland, California.

● BRITANNIA ARROW HOLDINGS (BAH) chairman, Mr Geoffrey Rippon, has been appointed a director of Groupe Bruxelles Lambert SA (GBL), an international financial services group based in Brussels. BAH owns 5 per cent of GBL. London Trust Company, which is the largest shareholder in BAH, has a 10 per cent holding in GBL.

# Record profit at Komatsu as exports show growth

BY YOKO SHIBATA IN TOKYO

KOMATSU, THE world's second largest manufacturer of construction machinery after Caterpillar Tractor of the U.S., achieved record sales and profits for 1981 because of strong overseas demand for construction and industrial machinery.

Its unconsolidated operating profits rose by 13.7 per cent to Y58.5bn ($243.7m) while unconsolidated net profits rose 19.9 per cent to Y27.24bn, or Y35.28 a share against Y30.49. Sales advanced by 12.4 per cent to Y567.4bn ($2.36bn).

Domestic sales fell by 4.7 per cent to account for 46 per cent of total turnover. The decline was blamed on weak demand for construction machinery because of curbs on public works spending. Domestic sales of bulldozers, for example, fell by 20 per cent.

Buoyant export sales, however, more than compensated, surging by 32.5 per cent to account for 54 per cent of the total turnover. Bulldozer exports rose 20 per cent, while those of dump trucks and motor graders grew by 30 per cent. Asian, Australian, Middle Eastern and African markets were particularly strong.

Overall sales of construction machinery rose by 10.3 per cent to take 87 per cent of the total. Industrial machinery sales leaped by 43.7 per cent to take a 9 per cent share, reflecting car manufacturers' strong demand for heavy-duty presses.

Negative factors such as higher steel costs and the yen's appreciation were covered by a Y3.6bn increase in investment earnings and higher selling prices.

Komatsu is forecasting flat domestic sales for this fiscal year although the Government's emphasis on higher public works construction will perk up the economy somewhat.

Exports, however, should continue to grow, leaving total sales about 10 per cent ahead at Y625bn for the current year to December 31. Net profits are expected to rise around 10 per cent to about Y30bn.

# Pressure on margins at Coles

BY GRAEME JOHNSON IN SYDNEY

G. J. COLES, Australia's leading retailer, lifted earnings by only 7.5 per cent in the first half ended January to A$40.35m (US$ 44m) from A$37.53m, largely because of competitive trading conditions and higher operating costs.

Turnover jumped 25 per cent to A$2bn from A$1.6bn, reflecting shoe and liquor store acquisitions in the latest period. The company expects full-year sales of A$4bn.

Mr Bevan Bradbury, managing director, said that all divisions traded well in the half year, although profit margins were squeezed in the supermarket operations which contributed about 60 per cent of the group's sales.

The latest interim result was helped by a change in accounting policy for the interest cost of funding six shopping centre developments in New South Wales. Coles capitalised the interest cost of A$2.25m but if it had charged the cost against earnings, as it did the year earlier's A$633,000, its half year earnings would have been held to a 5 per cent increase.

The state, which has the fastest expanding shopping centres in the country, is generating attractive returns on the investments.

Coles raised the interim dividendt o 6.5 cents a share from 6 cents.

## Sharp rise for Repco

By Our Sydney Correspondent

REPCO, THE Australian automotive products group, boosted earnings by 76.8 per cent in the half year to December 31 from A$9.52m to A$16.3m (U.S.$17.6m). The dividend is up from 4.5 cents to 5 cents, covered by earnings a share of 24.2 cents, up from 15.3 cents.

The latest result includes for the first time contributions from Actrol and Wreckair, the electrical contracts and plant hire groups, both of which are now fully consolidated.

Turnover in the half year jumped 41.4 per cent from A$244m to A$346m. Directors said most of the contribution came from higher demand from the motor industry.

The profit was after tax ahead from A$8.76m to A$14.04m and depreciation of A$9.49m against A$6.74m. Interest charges were A$3.22m higher at A$8.86m.

## Advance for Hooker Corp.

HOOKER Corporation, the Australian real estate development group boosted earnings by 35 per cent from A$6.02m to A$8.16m (U.S.$8.8m) in the six months to the end of December.

The increase came despite higher interest charges, tax and depreciation. The interest cost rose from A$10.78m to A$15.88m, tax increased from A$3.4m to A$4.48m and depreciation and amortisation to A$1.02m against A$822,000 previously.

Hooker said it was confident it would better last year's A$11.08m record result. It plans to make a one-for-four scrip issue and to pay an unchanged annual dividend of 7.5 cents on the increased capital, writes Our Sydney Correspondent.

## Caltex Australia fails to meet prospectus target

BY OUR SYDNEY CORRESPONDENT

CALTEX AUSTRALIA has reported a 59 per cent fall in net profits for the year ended December, its first as a listed company. It had forecast in its April share prospectus that 1981 earnings would match those of 1980.

The oil company, 25 per cent locally owned, and 75 per cent owned by Caltex Petroleum of the U.S., a joint venture of Texaco and Standard Oil of California, blamed the fall from A$50.9m (U.S.$55m) to A$20.9m on sharp competition in the industry which led to discounting, and on industrial disruption.

A final dividend of 8.8 cents a share will be paid in line with the 17.6 cents annual pay out promised in the prospectus.

But Caltex will be hard pressed to maintain the same pay out in 1982 unless there is a substantial improvement in profit. Caltex has also talked of postponing A$20m of capital spending primarily because of the latest results.

Last June's A$90m float, one of the biggest by an Australian subsidiary of a foreign company, saw Caltex's shares open at A$2.70. But the industry's problems have pushed the price down to about A$1.30.

Interest charges, which more than doubled from A$14.5m to A$29.88m, reflected both higher local and overseas borrowing costs.

Turnover increased by 62 per cent to A$1.7bn, but this was inflated by major increases in government levies.

Pre-tax earnings fell 67 per cent from A$90.9m to A$29.9m but the easing in the effective tax rate helped cushion the final result.

## Improvement at Nylex

BY OUR SYDNEY CORRESPONDENT

NYLEX CORPORATION, the diversified Australian plastics group, posted a 12 per cent increase in net earnings from A$8.45m to A$9.51m (US$10.3m) for 1981. Turnover grew by 19 per cent from A$110.93m to A$131.53m and the dividend is up from 9 cents to 11 cents for the year.

Mr Henry Bosch, the managing director, said the earnings upsurge was caused by better conditions in the motor industry. Nylex had been heavily dependent on the sale of vinyl products, but changes forced it to angle production toward plastic components for the new, lighter vehicles. He said earnings would have been greater but for industrial problems in the second half.

Nylex realised A$56.25m in cash and shares from the sale of its half interest in Olex Cables to Dunlop-Olymac in the year, and these are earmarked for expansion.

The group is expecting to clinch a deal in South-East Asia in the near future.

The attractive cash position of the group has already gained it the unwelcome attentions of Tooth and Company, a subsidiary of the Adelaide Steamship group. Tooth has been left holding slightly more than 15 per cent of Nylex.

# Banking licence for Sun Hung Kai

By Our Hong Kong Correspondent

SUN HUNG Kai Finance has become the first local Hong Kong institution to be granted a banking license since the late 1960s. Reclassification from a registered deposit-taking institution will allow Sun Hung Kai to take deposits of less than HK$50,000 (US$8,300) and operate current accounts.

The Government has also granted a banking license to Security Pacific National Bank of Los Angeles, whose application preceded that of the local institution by less than a month.

Sun Hung Kai Finance, which will be renamed Sun Hung Kai Bank, has had a long wait for bank status. Foreign banks were admitted in the late 1970s when the bank licensing moratorium was lifted for 18 months, but it was not until the ban was lifted again last summer that local institutions could apply for full licenses.

Sun Hung Kai Bank will be able to develop a large branch network, while foreign banks are restricted to one branch.

To gear up for a bank licence, Sun Hung Kai launched a rights issue to raise HK$28.77m last April. Paid-up capital stood at HK$172m as of December 31 1981, or HK$72m above the new minimum set for a bank.

Last year, Sun Hung Kai almost doubled its total assets to HK$4.2bn from HK$2.14bn and raised its total deposits to more than HK$3bn from HK$2.2bn.

Paribas, the recently nationalised French banking group, has a 21.5 per cent stake in the company and Paribas Suisse has an additional 10 per cent stake. Both holdings have been built up since 1978.

## Futures moves in Singapore

By Kevin Rafferty in Hong Kong

SINGAPORE HAS followed Hong Kong's lead and set up a working party to examine the establishment of a financial futures market. The 12-member group hopes to complete its initial work by the middle of the year.

The working party hopes by mid-year to have either a report saying a financial futures market is not viable or to have a blueprint for a market.

If it is the latter, a formal plan will go to Singapore's regulatory bodies for approval and a steering committee will be set up to establish the market. The working party consists of members of banks and other private sector financial institutions from Singapore. Continental Illinois National Bank has been at the centre of discussions because of its links with the financial futures market in Chicago.

## Loss for HK engineer

COST OVERRUNS on a contract last year sent Harbour Engineering back into the red after a brief emergence from losses in 1980, writes Our Hong Kong Correspondent.

The former Hutchison Whampoa subsidiary, which was recently taken over by Shui On (Holdings), announced a net loss of HK$13.35m (U.S.$2.2m) for last year, compared with a profit of HK$3.97m the previous year.

# Sasol lifts pre-tax earnings by 20% in half year

BY JIM JONES IN JOHANNESBURG

SASOL, the South African oil-from-coal producer, increased its first-half pre-tax profit by 20.3 per cent, despite warnings by the directors in the last annual report that no growth was to be expected.

Pre-tax profit rose to R169.8m ($173m) in the six months ended December 26, from R141.1m a year earlier. For the year ended June 27 1981, the pre-tax profit was R281.8m.

The company says the improved profit was attributable to a higher level of production from petroleum-based activities at the Sasol 1 plant, price increases and higher interest earnings.

The various process units at the Sasol 2 plant have been fully proved and although interruptions are still being experienced while the plant is being brought fully on stream, steady progress is being made toward full and continuous production. It is still expected that Sasol 2 will declare its maiden dividend in the current six months.

Construction of the Sasol 3 plant is on schedule and management expects it to produce its first liquid fuel in the second half of 1982.

An interim dividend of 11 cents a share has been declared from first half earnings of 26.6 cents a share. In the previous year, the interim dividend was 9.5 cents and first half earnings 22 cents a share. The year ended June 27 1981, resulted in earnings of 44.4 cents a share and a total dividend of 20 cents.

The company expects earnings in the current six months will be no less than earnings in the most recent half year.

● Aberdare Cables, the South African electrical cable manufacturer which is controlled by Philips of Holland, increased pre-tax profit by 42 per cent to R21.2m ($22m) in 1981 from R14.9m. Turnover was R97.7m against R78.2m, Jim Jones reports from Johannesburg.

A total dividend of 82.5 cents has been declared from earnings of 168 cents a share. The year ended December 31, 1980, resulted in earnings of 120 cents and a total dividend of 40 cents.

# WORLD STOCK MARKETS

# Early Wall Street rise of 5.2

AN EARLY advance in heavy dealings occurred on Wall Street yesterday, but price gains tended to be trimmed by mid-session as the initial euphoria over favourable money supply figures wore off.

The Dow Jones Industrial Average, after advancing 8.37 by the 10.30 am calculation, was a net 5.23 up at 829.53 at 1 pm. The NYSE All Common Index gained 45 cents at $65.88 on balance, after touching $66.02, while rises led falls by a 10-to-three margin. Turnover increased to 39.4m shares from last Friday's 1 pm level of 34.97m.

Analysts said the stage was set an early rally following the unexpectedly large $3.1bn decline in the M-1 measure of the money supply, announced after the market closed on Friday.

The market received further support when the D-J Average managed to close last Friday above the technically important 824 level, its 1981 low.

However, analysts said low corporate earnings and continuing concern about large Federal deficits and their impact on interest rates may prevent the market from establishing a substantial uptrend.

Energy stocks showed mild strength, bolstered by statements from informed sources that the Opec nations will call a special session for this Saturday. Analysts speculated that the members will discuss the world oil glut, which has depressed prices.

Sabine, trading ex-dividend, advanced $4 to $33½. The company plans to spin off a royalty trust consisting of oil and gas properties generating more than $60m in revenues.

Northwest Industries, which fell 4¼ on Friday, lost another 3⅜ to $64½. Some analysts have issued sell recommendations on the stock. Masonite fell $3 to $23 after gaining $5 on Friday. Paine Webber, which also rose on Friday, shed 1⅜ to $22¼.

THE AMERICAN SE Market Value Index recovered 2.84 to 272.41 at 1 pm. Volume 3.02m shares.

**Closing Prices for North America were not available for this edition.**

## Canada

Shares mostly picked up in fairly active early trading. The Toronto Composite Index recouped 18.6 at 1,681.4, Oils and Gas 45.0 at 2,849.6, Golds 21.4 at 2,540.0 and Metals and Minerals 24.9 at 1,609.3.

## Brussels

Stock prices surged ahead in active trading over a broad front, taking the Stock Exchange General index up 3.30 to a new 1981-82 high of 100.51.

The market was said to have reacted very positively to the Government's austerity measures, which include a price and wage freeze, and also the announcement of incentives to private investors and the 8.5 per cent devaluation of the Belgian franc within the European Monetary System.

Among Holding companies, Cobepa advanced 240 to BFr 1,840, Societe Generale 64 to BFr 1,530 and Sofina 125 to BFr 3,625.

## Tokyo

Weakening U.S. interest rates and the sharp yen rally against the U.S. dollar gave the Tokyo market a further lift yesterday.

However, continuing uncertainties about the future fortunes of Japanese companies in the face of trade friction with Western trading partners restricted trading volume, which totalled a moderate 260m shares, compared with last Friday's 320m.

The Nikkei-Dow Jones Average improved 45.05 more to 7,758.36 and the Tokyo SE index 2.10 to 572.97.

Stocks with strong domestic markets and some speculative issues were well favoured, but internationally-popular issues and export-orientated issues tended to improve by only moderate amounts.

Fuji Photo rose Y20 to 1,500, Matsushita Electric Y20 to Y1,310, Pioneer Y50 to Y1,590 and Toshiba Y2 to Y375, but Sony lost Y40 to Y3,570 and Mitsui Shipbuilding Y2 to Y184.

Oils advanced in line with the yen's rise, with Mitsubishi Oil adding Y10 at Y252, Showa Oil Y8 at Y240 and Maruzen Oil Y6 at Y223.

Constructions, Non-ferrous Metals and Robot Manufacturers met good demand. Optical, Fibres and Machine Tools were higher, but Drugs and manufacturers of new ceramic materials ended mixed.

## Germany

A stronger Domestic Bond market and hopes of room for West German interest rate cuts brought a generally firm tone to the share market, with foreign buying particularly boosting selected Blue Chips.

The Commerzbank index, however, was unavailable due to a carnival holiday in Duesseldorf, where the index is calculated.

There was a large turnover in the most favoured stocks, Lufthansa, up strongly since the collapse of Laker Airways, jumped DM 6 to DM 72.50, while hopes for nuclear power station orders fuelled a rise in Deutsche Babcock of DM 6.80 to DM 214.80.

Thyssen put on DM 2.60 in Steels, while in Engineering, GHH added DM 3.80. Dresdner Bank led the Bank leaders ahead, rising DM 2.90.

Domestic Bonds were boosted by Friday's rise in U.S. Bond prices and the late news on Friday of the fall in the U.S. money supply. Deutsche Bundesbank sold DM 86.7m of public sector Bonds to balance the market, against sales totalling DM 15.4m on Friday.

## Paris

French and foreign shares were mostly lower in active trading, which was extended by 15 minutes to clear the high volume of selling orders. The market opened weaker and selling pressure intensified through the session, with the Indicateur de Tendance index slipping 1.7 from its 1982 high to close at 122.3.

Traders attributed the poor performance mainly to profit-taking following the sharp gains last week, but also noted that the Belgian franc's 8.5 per cent devaluation within the EMS also contributed to the downturn. Market operators said they were unsure how the Belgian unit's devaluation would affect certain foreign issues.

## Hong Kong

The good rally of the past three sessions failed to be maintained yesterday, the market ending on a slightly easier note after thin trading.

The recovery had partly reflected a feeling that interest rates may have now peaked, but last Friday's news of a sharp fall in the U.S. money supply, which could ease pressure on American and thus local interest rates, made no impact on the Hong Kong market yesterday.

The Hang Seng index shed 3.91 to 1,277.01, while turnover on the four exchanges came to HK$148.18m, against Friday's HK$219.56m.

## Australia

Markets showed no decided trend in low volume, with investors waiting for a lead from overseas markets.

Argyle diamond venturers CRA and Ashton Mining each gained 10 cents to A$2.75 and A$1.15 respectively following announcement of proposed marketing arrangements which give the partners a share of sales.

## Johannesburg

Gold shares declined in reflection of the weaker Bullion price. Southvaal retreated R1.75 to R33.00, Driefontein R1.10 to R24.75 and Buffelsfontein R1.50 to R36.25.

# Israeli citrus exports down

By Our Tel Aviv Correspondent

ISRAEL'S citrus exports, mainly of shamouti oranges (jaffas) have been slower this season principally because of the bad weather in Europe during January. Total shipments up to the end of last week came to 18.2m cases as against 19.2m to the same date in 1981.

Shipments of jaffas came to only 10.5m cases as compared with 12m up to the same date last year. On the other hand, shipments of navel oranges, which started earlier, at 1m cases were ahead of the previous season's 640,000 cases as were lemons with 1.1m cases. Grapefruit held up well with 4.8m cases against 5m a year earlier while the growing crop of soft peeled citrus is reflected by shipments of 800,000 cases (550,000).

A contributory factor to the lower sales is increasingly stiff competition from Greece in Eastern Europe which now enjoys third-country penetration and export incentives granted by the EEC.

Eastern Europe, especially Romania and Yugoslavia, have in the past been a good market for very small fruit from Israel, which has now to compete with Greece which is concluding barter agreements with the Eastern bloc.

This competition, moreover, coincides with a cut-back of purchases by these countries in view of their internal economic problems.

Due to the slower rate of shipment, combined with a larger crop, Israeli processing plants will have to absorb 35 per cent more citrus fruit this season than in 1980-81.

The total citrus output is now expected to reach 1.62m tonnes as compared with 1.38m tonnes in 1980-81. Most of the increase is expected to go to industry. In addition, heavy rains and storms swept Israel at the beginning of this month will result in the processing industry having to absorb 650,000 tonnes compared with 480,000 tonnes in 1980-81. However, processors have been cheered by the frost in Florida, which has resulted in the clearing of Brazil's accumulated stocks of citrus products, thus eliminating the danger of cut-throat competition for the time being.

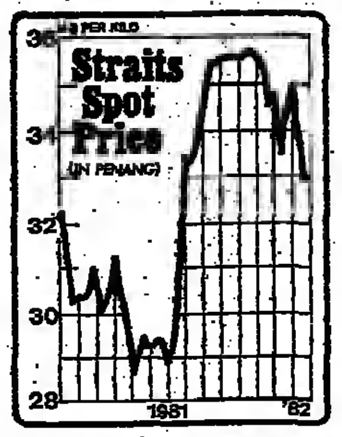
# Cash tin under pressure

BY JOHN EDWARDS, COMMODITIES EDITOR

Tin prices came under pressure yesterday as traders waited nervously to see whether dealers on the London Metal Exchange will be able to honour outstanding sales contracts that fall due for delivery later this week. Cash tin fell by £225 to close at £8,605 a tonne, considerably narrowing its premium over the three months quotation that closed £25 up at £7,847.5.

However, the premium being demanded for cash tin delivered the next day was reported to be close to the maximum limit of £120 a tonne, above the cash price, set by the London Metal Exchange earlier this month. It is still feared that dealers, with large outstanding sale commitments due for delivery on Thursday and Friday, may have difficulty in obtaining sufficient supplies to honour their contracts.

In the meantime the buying group, which is believed to hold the bulk of available supplies, has allowed the basic cash price to decline quite significantly. In Penang over the weekend the Straits tin price, which is used as the basis for many supply contracts, fell by 25 cents to $M32.96 a kilo—its lowest level




since July when the support buying group started operations. It is now at the lower end of the International Tin Agreement middle price range of $M32.06 to $M34.98.

In London cash tin is nearly £400 below the record levels reached less than two weeks ago. But the situation is complicated by the outstanding "short" (sale) positions that threaten to disrupt the whole market if they cannot be met satisfactorily. This week will tell whether the measures announced by the LME to maintain orderly trading, have worked or not.

Recent statements by the Malaysians suggest they may be less keen to press for a tin producer group, or cartel, following the lukewarm response from Indonesia to the whole idea.

*Meanwhile Japan has signed* the proposed sixth International Tin Agreement, due to replace the present pact expiring in June, leading to hopes that other consumer countries will follow suit. This would remove a great deal of the pressure for a producer-only group.

In spite of the build up in surplus supplies of tin, and lack of consumer demand, stocks now held in the London Metal Exchange fell last week by 265 tonnes reducing total holdings to 20,295 tonnes. Copper stocks in the LME warehouses also fell by 1,525 tonnes to 122,800 tonnes; zinc by 1,325 to 62,700 and nickel by 18 to 1,734 tonnes. LME silver holdings were also down by 1,610,000 to 31,540,000 ounces. Aluminium stocks rose again by 2,200 to 176,200 tonnes and lead by 775 to 64,300 tonnes.

# EEC 'green' currency confusion

BY LARRY KLINGER IN BRUSSELS

DENMARK, BELGIUM and Luxembourg will from tomorrow join the expanding EEC club of countries with controversial Monetary Compensatory Amounts, the levies or subsidies used to bridge the gaps between commercial exchange rates and special agricultural rates.

The EEC member-states' permanent agriculture representatives in Brussels yesterday produced a complicated and partially inconclusive realignment of the "green currency" system following the refusal by some states to allow Denmark, Belgium and Luxembourg to devalue their "green money" in line with their national currencies.

The Belgian and Luxembourg francs were devalued by 8.5 per cent and the Danish kroner by 3 per cent, and a parallel devaluation of the "green currencies" would have effectively given their farmers similar rises in guaranteed EEC farm prices.

However, the countries who are favouring the biggest price rises for their farmers in the *coming annual EEC price fixing* negotiations—notably France—blocked the three devaluing countries's requests. France feared that a rise for these three's farmers now would reduce the pressure for a higher overall rise than the 9 per cent being proposed by the European Commission.

The Danes were particularly angry, since their new negative MCA of 1.8 per cent effectively puts a tax on exports.

The "green money" system is highly controversial because its existence means that there are no real common EEC farm prices, and there is a gentleman's agreement among the member-States to phase out MCA completely over the next couple of years.

**Hilary Barnes writes from Copenhagen:** Mr Bjorn Westh, the Danish Agricultural Minister, said Denmark's MCA would apply only until April, when Denmark would insist on a 3.3 per cent devaluation of the green currency to re-establish the parities between the two krone values.

Denmark has always endeavoured, usually successfully *to prevent a divergence between* the two exchange rates, but the weekend attempt to obtain an advantage for the Danish farmers by a devaluation (the Danes asked for a 7 per cent adjustment at first) was not heard with undue sympathy by other countries.

# Sugar declines

WORLD SUGAR values declined on the London futures market yesterday as India indicated it was ready to re-enter the world market as a seller.

For the last two seasons, Indian output has been hit by adverse growing conditions, ranging from drought to floods, with the result that it has been a net importer.

But it is reported to have applied to the International Sugar Organisation for an export quota of over 700,000 tonnes this year.

The prospect of enthusiastic selling by India was an important influence on yesterday's price decline which left the May futures quotation £3.725 down *at £174.30 a tonne.*

# Halt called to fishing for herring

By Richard Mooney

THE MINISTRY of Agriculture and Fisheries has told British fishermen to stop catching herring off the East Coast from midnight tomorrow although they have only caught three-quarters of their quota.

Licences to fish for herring in the southern North Sea are being revoked, the Ministry said yesterday. The premature closure is blamed on heavy over-fishing by Danish fishermen.

The fishery was reopened in October after a three-month lay-off necessitated by previous overfishing. A total quota of 20,000 tonnes was set by the EEC Commission with Britain getting a 2,000 tonnes share. Only 1,500 tonnes of this has been caught.

The Commission told EEC governments early this month to halt fishing because the overall quota had been exceeded. The main culprits were the Danes who, though allotted a quota of only 1,000 tonnes, were unofficially estimated to have caught around 11,000 tonnes.

● An increased levy of 0.35p a kilo will be charged on fish landed in the UK from March 1 to finance the new Sea Fish Industry Authority. This compares with the levies of 0.2382p and 0.0934p a kilo paid on white fish and herring respectively to finance the old White Fish Authority and the Herring Industry Board.

# Phosphate deposits found

MOSCOW—The Soviet Union has found *substantial* phosphate reserves in eastern Siberia and hopes they will satisfy the region's fertiliser needs, the official news agency Tass said.

*A large deposit* in the Yakutia region was estimated to hold 1.6bn tonnes of phosphate ore, which would produce 108m tonnes of phosphor pentoxide, the report said.

The authorities plan to build a processing plant in the area to produce high-quality fertiliser concentrate to supply Siberia's state farms, it added. Reuter

INTERNATIONAL COFFEE AGREEMENT

# Indonesia to press for a better deal

BY RICHARD COWPER IN JAKARTA

STUNNED by a dramatic cut in export quotas that has seen its coffee export earnings fall by almost 50 per cent in the last nine months, Indonesia is seeking radical changes in the new International Coffee Agreement due to be discussed in London this week.

Indonesian coffee stocks expected to hit around 170,000 tonnes this season—equivalent to over 50 per cent of annual production—and Indonesian officials say changes are vital if its coffee industry is to avoid "disaster."

Indonesia, the world's largest exporter of robusta coffee and the world's fourth largest coffee producer, will seek a revision of the way international quotas are calculated and a much greater voice in the International Coffee *Organisation* (ICO) itself. Some 71 ICO nations, including Indonesia, are meeting in London to begin negotiations for a new International Coffee Agreement due to come into force after the current agreement expires in September 1983.

## Realities

Indonesian officials and coffee growers say that these changes are necessary if the new pact is to fully reflect realities in the world coffee industry.

Indonesia will argue that it is grossly unfair that the world's fourth largest producer and exporter is not represented on the ICO's Executive Board, which currently has 16 seats divided equally between producers and consumers. It was partly the lack of a seat, say the Indonesians, that resulted in last year's ICO decision to slash Indonesian export quotas by 28 per cent from 192,000 tonnes to 138,000 tonnes

This decision, say the Indonesians, was unjust, based as it was on export figures at least three years old. Indonesia will argue that the new agreement should clearly state that quotas should be based on average annual exports over the three years prior to the *implementation* of the quotas. When quotas were re-introduced for the 1980-81 season (after five years without quotas) countries were allowed to choose either 1968-69 to 1971-72 or 1977-78 to 1979 as the base years for their quotas. This, says Indonesia, was grossly discriminatory as it militated against countries, like Indonesia, which had worked hard to increase production and exports in recent years and favoured those countries which had allowed production to decline.

Few would deny that Indonesia got a raw deal from last year's negotiations, but whether it can persuade other countries to favour its case this year remains to be seen.

What is clear, however, is that the rapid expansion of Indonesia's coffee industry over the last five to six years has now come to a halt and depression holds sway over an industry which is made up of 300 exporters and an estimated 1.7m coffee growers.

Indonesia's coffee export earnings were $U.S.656m in 1980, fell to less than $400m in 1981 and are expected to decline to less than $350m this year.

Export volume peaked in 1980 at 239,000 tonnes, fell to an estimated 210,000 tonnes last year and is forecast to decline further to around 175,000 tonnes this year. Production however, has remained steady at around 320,000 tonnes and coffee stocks are now at unbearably high levels.

To help the industry, and in particular the nation's estimated 1.7m coffee growers — around 90 per cent of whom are smallholders — the Government has abolished all export taxes on coffee and is now considering implementing a national stockpile plan.

The Department of Agriculture has abandoned a $1bn coffee expansion plan, and the Department of Trade has issued new regulations to control the quality of export coffee.

But none of these measures seem likely to reverse the severe recession that has hit what was until recently one of Indonesia's most successful plantation industries.

Few would deny that "The current situation is little less than disastrous for Indonesia. It is virtually impossible to find a market for that amount of coffee. What's more, after storing it for a year there's bound to be a deterioration in quality, making it even harder to sell," says Mr Suwondo Kartakusuma, the man in charge of Government coffee estates in the Department of Agriculture.

## Quota increase

In fact Indonesian coffee exporters say they are now prepared to sell coffee to non-quota countries at less than 50 per cent of the quota price, rather than keeping deteriorating stock on their hands.

Against this background Indonesian trade and agricultural officials say it is vital for Indonesia to get a better deal in the new International Coffee Agreement. What Indonesian coffee growers need more than anything else, they say, is an increase in their quota allocation.

The Government aim was to expand the existing area under coffee by 44,000 hectares and to rehabilitate around 120,000 hectares of existing plantations by 1988. But as Agricultural Department officials are quick to admit, these plans have now been consigned to the wastebin of history.

"The aim now is to persuade some growers to switch to other crops and expansion is merely a dream of the past," says Mr Suwondo.

**Preliminary consideration** *of summarised proposals* for changes in any future International Coffee Agreement beyond end September 1983 are the main item on the agenda of a week-long International Coffee Organisation (ICO) executive board meeting that started in London yesterday.

The proposals from a total of 38 ICO producers and consumers including Colombia, Indonesia, Ivory Coast, Mexico, EEC countries and the U.S., have been consolidated by the ICO secretariat.

# BRITISH COMMODITY MARKETS

## BASE METALS

[illegible]

## SILVER

[illegible]

## COCOA

[illegible]

## COFFEE

[illegible]

## GRAINS

[illegible]

## RUBBER

[illegible]

## WOOL FUTURES

[illegible]

## GAS OIL FUTURES

[illegible]

## SOYABEAN MEAL

[illegible]

## SUGAR

[illegible]

## COTTON

[illegible]

## JUTE

[illegible]

## TEA AUCTION

[illegible]

## POTATOES

[illegible]

## PRICE CHANGES

In tonnes unless otherwise stated.

[illegible]

## MEAT/VEGETABLES

[illegible]

# AMERICAN MARKETS

[illegible]

# EUROPEAN MARKETS

[illegible]

## INDICES

### FINANCIAL TIMES

| Feb. 19 | Feb. 18 | Month ago | Year ago |
|---|---|---|---|
| 245.02 | 246.52 | 246.58 | 307.42 |

(Base: July 1, 1952=100)

### MOODY'S

| Feb. 19 | Feb. 18 | Month ago | Year ago |
|---|---|---|---|
| 1005.0 | 1010.8 | 1007.3 | 1156.8 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | Feb. 19 | Feb. 18 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 127.08 | 127.77 | 127.07 | 430.14 |
| Futures | 133.98 | 135.42 | 132.86 | 446.25 |

(Base: December 31, 1974=100)

### REUTERS

| Feb. 22 | Feb. 19 | M'nth ago | Year ago |
|---|---|---|---|
| 1607.5 | 1609.5 | 1628.5 | 1722.4 |

(Base: September 18, 1931=100)

# LONDON STOCK EXCHANGE

# International investors clamour for Government stocks

# Rises extend to £2¼ and short tap supplies run out

Account Dealing Dates

Option

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Feb 15 | Feb 25 | Feb 26 | Mar 8 |
| Mar 1 | Mar 11 | Mar 12 | Mar 22 |
| Mar 15 | Mar 25 | Mar 26 | Apr 5 |

* "New time" dealings may take place from 9.30 am two business days earlier.

Falling international interest rates generated a fresh wave of investment enthusiasm for Government stocks, and the sector's buoyancy overshadowed all else in London stock markets yesterday. Investment funds were drawn not only from domestic and Continental sources but also from the U.S. following improved American money supply figures announced late last Friday. European investors were impressed by the Bank of England's move in lowering intervention rates on all four bands in UK money markets; U.S. prime rate cuts to 16½ per cent gave the upturn fresh momentum.

Investors yesterday concentrated on short-dated Gilts. The authorities, after refusing bids for the short tap, £20-paid Exchequer 13½ per cent 1987 "A," eventually supplied stock at 21 and promptly announced its exhaustion. Buying orders were reportedly scaled down, and subsequent demand took the price up to 21⅝. The Government broker also sold the specialist issue, Treasury 3 per cent 1987, at 64⅞, before withdrawing at that level. In the absence of any new Government funding, confidently expected at the official close, the strength continued after-hours when gains were ranging to 1½ points.

Rises among longer-dated stocks were even larger, extending to over 2¼ points late; trading at this end of the market was much thinner although it was widely thought that the authorities had supplied selected stocks to the market. The FT Government Securities index, up 0.95 at 67.14, staged its biggest one-day advance since June 15 when Gilts were also rising on optimism about lower interest rates.

Leading equities once again laboured, although sentiment was underpinned by Gilt-edged. The huge commitment to Amersham continued to drain the equity sectors of funds, but the reluctance of market leader ICI to improve also made for investment caution; the group's preliminary statement is due on Thursday. Wall Street's sharp upward move in yesterday's early trade eventually helped sentiment here in the afternoon and the FT Industrial Ordinary share index, up about two points at 11.00 am, closed 5.9 higher at the day's best of 568.2.

Corporation and many other fixed interest stocks went higher in the wake of Gilt-edged with some scoring gains of two points and more.

## Banks good

Home Banks gave an impressive performance yesterday. Comment on Lloyds' annual results and hopes that the other major clearers will emulate them induced persistent good demand. Closing levels were around the day's best with Lloyds ending 14 up for a two-day jump on the figures of 30 to a peak of 500p. NatWest, the next to report preliminary results today, advanced 14 to 480p, while Barclays added a similar amount to 500p; the latter's 16 per cent Unsecured Loan 2002-07 rose 2 points to £30½ in sympathy with gilt-edged. Midland finished 8 dearer at 346p. Elsewhere, Discount Houses made progress, also in sympathy with gilts. Gerrard and National gained 7 to 270p and Clive edged forward a couple of pence to 26p. Down 20 last week on the poor results, Gillett Bros. rallied 3 to 158p helped by Press comment. Henry Ansbacher hardened around a penny to 18½p on a weekend Press suggestion that the company is to link up with Touche Remnant, the country's largest investment trust group.

Last week's star performer in the Insurance sector, Eagle Star, continued to claim most of the attention, following the previous week's speculative gain of 23 with a fresh rise of 10 to 385p on publicity given to a broker's favourable circular. Sun Alliance put on 12 to 912p and General Accident firmed 6 to 318p as did Royals, to 363p. Commercial Union held at 132p awaiting [illegible]

[illegible] 140p, while Tunnel "B," awaiting bid terms from RTZ, rose 5 to 570p. H.A.T. Group improved 2 to 84p and Magnet and Southerns 5 to 155p, but recently firm Crouch Group encountered profit-taking and shed 4 to 114p. Still on concern about its stake in Rand London Coal, Burnett and Hallamshire shed 20 more to 840p.

Press suggestions that 1982 had started poorly for the company stifled interest in ICI which slipped to 332p on nervous offerings in front of next Thursday's preliminary results before rallying to close unchanged on balance at 336p. Other Chemicals closed mixed. International Paint and Wolstenholme Rink shed 5 apiece to 230p and 120p respectively.

## Stores good late

An uninspired sector for most of the session, leading Stores closed with useful gains following the mid-afternoon announcement of the provisional retail sales figures for January. The level of business again left much to be desired however. Gussies "A" rose 8 to 488p, while Marks and Spencer, 146p, and House of Fraser, 172p, added 6 apiece, the last-mentioned on renewed optimism that a fresh bid from Lonrho, a penny cheaper at 75p, would gain the approval of the Office of Fair Trading. Secondary counters featured Ratners (Jewellers), 4 up at 50p following a weekend Press recommendation. Other jewellers failed to gain impetus with Ernest Jones easing a couple of pence to 83p in front of today's annual results. Among the more speculative issues, Lincroft Kilgour stood out with a gain of 4 at 40p, while last week's takeover favourite Good- [remainder illegible]

## Unilever better

## Golds retreat

## Oils subdued

## FINANCIAL TIMES STOCK INDICES

## HIGHS AND LOWS

## S.E. ACTIVITY

## RECENT ISSUES

### EQUITIES

### FIXED INTEREST STOCKS

### "RIGHTS" OFFERS

## ACTIVE STOCKS

## FRIDAY'S ACTIVE STOCKS

## NEW HIGHS AND LOWS FOR 1981/2

## RISES AND FALLS YESTERDAY

## OPTIONS

## WORLD VALUE OF THE POUND

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

**Abbey Unit Tst. Mngrs. (a)**
72-80, Gatehouse Rd., Aylesbury 0296 5941

| | | | | |
|---|---|---|---|---|
| American Growth | 57.4 | 61.7xd | -0.3 | 3.35 |
| Capital | 39.5 | 42.7 | +0.2 | 3.98 |
| (Accum. Units) | 51.0 | 55.2 | +0.3 | 3.98 |
| General | 62.3 | 67.1xd | +0.5 | 4.58 |
| Gilt & Fixed Int. | 103.0 | 108.4 | +2.5 | 12.28 |
| Income | 39.6 | 42.6xd | | 6.74 |
| Worldwide Bond | 106.2 | 112.3 | +1.6 | 4.98 |
| Inv. Tst. Fd. | 55.6 | 60.1 | -0.1 | 3.99 |
| Equitas Prog. | 86.1 | 93.8 | +0.6 | 4.40 |

**Allen Harvey & Ross Unit Tst. Mngrs.**
45, Cornhill, London EC3V 3PB. 01-623 6314.

| | | | | |
|---|---|---|---|---|
| AHR Gilt Trust | 89.3 | 94.0xd | +1.6 | 12.91 |

**Allied Hambro Ltd. (a) (g)**
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

| | | | | |
|---|---|---|---|---|
| Allied 1st | 93.4 | 99.9xd | +0.6 | 5.40 |
| Brit. Inds. Fund | 82.9 | 88.7 | +0.5 | 6.02 |
| Growth & Income | 59.9 | 64.1 | +0.4 | 3.80 |
| Elect. & Ind. Dev. | 48.1 | 51.5 | +0.3 | 4.17 |
| Allied Capital | 104.2 | 111.5 | +0.8 | 4.48 |
| Hambro Fund | 143.3 | 153.3 | +1.4 | 5.28 |
| Hambro Acc. Fund | 208.9 | 223.5 | +1.6 | 4.47 |

Income Funds

| | | | | |
|---|---|---|---|---|
| High Yield Fd. | 69.9 | 74.8xd | +0.3 | 8.50 |
| High Income | 89.6 | 95.9 | +0.6 | 6.67 |
| Equity Income Fd. | 49.4 | 52.8xd | +0.3 | 6.98 |
| Govt. Secs. | 24.8 | 25.5 | +0.5 | 12.47 |

International Funds

| | | | | |
|---|---|---|---|---|
| International | 34.3 | 36.7xd | +0.1 | 2.51 |
| Japan Fund | 29.3 | 31.3 | +0.3 | 0.52 |
| Pacific Fund | 67.9 | 72.6 | +0.1 | 1.29 |
| American Spec. Sits. | — | 25.0 | | 1.10 |
| Secs. Of America | 79.7 | 85.3 | -0.2 | 2.87 |

Specialist Funds

| | | | | |
|---|---|---|---|---|
| Smaller Co.'s Fd. | 60.2 | 64.4 | +0.1 | 3.65 |
| 2nd Smlr. Co's Fd. | 76.5 | 81.9 | | 3.97 |
| Recovery | 30.1 | 32.2 | +0.2 | 4.38 |
| Met. Min. & C'dty. | 59.2 | 63.3 | | 6.02 |
| Overseas Earnings | 81.6 | 87.3 | +0.8 | 4.60 |

Exempt Funds

| | | | | |
|---|---|---|---|---|
| Income Exempt | 55.4 | 58.2 | +0.2 | 8.08 |
| Far East Exempt | 74.9 | 77.9 | +0.4 | 1.60 |

[illegible]

**Choularton Fund Managers (g)**
57-63, Princess St., Manchester. 061-236 5685

| | | | | |
|---|---|---|---|---|
| Growth | 15.1 | 16.3 | -0.1 | 3.88 |
| International | 55.8 | 60.5xd | -0.2 | 1.24 |
| High Income | 29.0 | 31.3xd | | 11.28 |

**Confederation Funds Mgt. Ltd. (a)**
50, Chancery Lane, WC2A 1HE. 01-242 0282

| | | | | |
|---|---|---|---|---|
| Growth Fund | 78.7 | 82.8 | | 4.46 |

**Craigmount Unit Tst. Mgrs. Ltd.**
Bucklersbury, London EC4N 8BD. 01-248 4984

| | | | | |
|---|---|---|---|---|
| High Income | 37.1 | 40.5xd | +0.2 | 10.92 |
| North American | 55.4 | 59.8 | -0.3 | 2.81 |
| Canadian Exempt* | 53.6 | 56.3 | | 3.85 |
| Canadian Trust | 46.5 | 50.3 | -0.1 | 2.75 |
| Mid Mount High Inc.* | 47.9 | 50.0xd | | 6.59 |
| Recovery | 59.9 | 65.4 | +0.7 | 5.57 |
| Gilt Trust | 38.7 | 40.5xd | +0.5 | 14.00 |

*Weekly dealing day Wednesday.

**Crescent Unit Tst. Mngrs. Ltd. (a)(g)**
4 Melville Cres., Edinburgh 3 031-226 3492

| | | | | |
|---|---|---|---|---|
| Cres. Amer. Fd. | 38.5 | 41.6 | -0.1 | 0.60 |
| Cres. Internat'l. | 83.3 | 89.9 | +0.3 | 1.67 |
| Cres. High. Dist. | 46.9 | 50.6 | +0.1 | 9.04 |
| Cres. Reserves | 52.8 | 57.0xd | +0.5 | 5.26 |
| Cres. Tokyo | 40.9 | 43.7 | +0.1 | 0.29 |

**Dartington Unit Trust Mngt. Ltd.**
Bridge Chambers, Barnstaple, Devon 0271 76324

| | | | | |
|---|---|---|---|---|
| Total Perf. Unit Tst. | 22.3 | 24.2 | | 6.56 |

**Discretionary Unit Fund Managers**
36/38 New Broad St, EC2M 1NU. 01-638 4485

| | | | | |
|---|---|---|---|---|
| Disc. Inc. Feb 12 | 259.9 | 277.2 | | 4.82 |

**Dunbar Unit Trust Managers Ltd.**
53, Pall Mall, London, SW1 5JH. 01-930 2122

| | | | | |
|---|---|---|---|---|
| Income & Grwth. | 23.1 | 24.5 | +0.1 | 7.55 |
| Special Sits. | 24.9 | 26.4 | -0.4 | 3.00 |

**E. F. Winchester Fund Mngt. Ltd.**
44, Bloomsbury Square, WC1A 2RA 01-623 8893

| | | | | |
|---|---|---|---|---|
| Great Winchester | 21.2 | 23.7xd | | 7.34 |
| Gt. Winchester O'seas | 32.2 | 35.8 | | 3.49 |

**Equity & Law Un. Tr. M. (a) (b) (c)**
Amersham Rd., High Wycombe. 0494 33377

| | | | | |
|---|---|---|---|---|
| UK Grth. Tst. Acc. | 57.8 | 62.1 | +0.5 | 4.64 |
| UK Grth. Tst. Inc. | 57.8 | 62.1 | +0.5 | 4.64 |
| Higher Inc. Tst. Acc. | 59.8 | 64.3 | +0.4 | 7.96 |
| Higher Inc. Tst. Inc. | 59.8 | 64.3 | +0.4 | 7.96 |
| Gilts/Fxd. Int. Tst. Acc. | 53.2 | 56.0 | +0.8 | 5.38 |
| Gilts/Fxd. Int. Tst. Inc. | 53.2 | 56.0 | +0.8 | 5.38 |

[illegible]

## INSURANCE PROPERTY BONDS

[illegible]

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

## INT. BANK AND O'SEAS GOVT. STERLING ISSUES

## CORPORATION LOANS

## COMMONWEALTH AND AFRICAN LOANS

| High | Low | Stock | Price £ | + or − | Int. | Red. Yield |
|---|---|---|---|---|---|---|
| 101¾ | 92¾ | Aust. 5½pc '81-82 | 101¾ | +⅛ | 5.54 | 12.26 |
| 89½ | 82½ | Do. 6pc 1981-83 | 89½ | +½ | 6.80 | 13.60 |
| 67¾ | 57 | N.Z. 7¼pc 1988-92 | 61½ | +¼ | 11.96 | 14.79 |
| 81¾ | 74 | Do. 7½pc '83-86 | 79½ | +¼ | 9.59 | 14.41 |
| 141 | 115 | S. Rhod. 2½pc Non-Ass. | 141 | | — | — |
| 66 | 41 | Do. 3½pc 80-85 Assd | 64½ | | 5.56 | 17.68 |
| 43 | 26 | Do. 4½pc 87-92 Assd | 35 | | 12.86 | 19.40 |
| 395 | 320 | Zimbabwe Ann (£100pc) | 357 | +2 | — | 24.18 |

## LOANS

Public Board and Ind.

Financial

Building Societies

## FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

| High | Low | Stock | Price | + or − | Div. Gross | C'vr | Gr's |
|---|---|---|---|---|---|---|---|
| 20½ | 11¼ | Hollinger $5 | 11¼ | .. | $2.20 | — | 8.0 |
| 16¾ | 812p | Hudson's Bay | 856p | +13 | $1.20 | — | 6.2 |
| 23 | 795p | Hud. B. Oil G. $2½ | 21 | −¼ | 32c | — | 0.7 |
| 16⅞ | 951p | Imperial Oil | 10 | +¼ | $1.40 | — | 6.2 |
| 11¼ | 689p | Inco | 706p | −15 | SUS20c | — | 1.5 |
| 750p | 450p | Int. Nat. Gas $1 | 640p | +15 | $1.10 | — | 7.6 |
| 210p | 85p | Massey Ferg. | 91½p | +½ | — | — | — |
| 120p | 29p | Place Gas $1 | 32p | +2 | — | — | — |
| 18⅛ | 10¼ | Rio Algom | 16⅞ | −⅛ | $1.50 | — | 4.0 |
| 13 | 10⅛ | Royal Bk. Can. $1 | 10⅞ | +⅛ | $2.00 | — | 8.3 |
| 32¼ | 23¾ | Seagram Co. C$1 | 28¾ | +¼ | US$1.80 | — | 3.3 |
| 14½ | 11¼ | Tor. Dom. Bk. $1 | 12¾ | −⅛ | $1.80 | — | 6.5 |
| 11¼ | 750p | Trans Can. Pipe | 10½ | −⅛ | $1.16 | — | 4.9 |

## BANKS AND HIRE PURCHASE

Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## CHEMICALS, PLASTICS—Cont.

## DRAPERY AND STORES

## ELECTRICALS

## ENGINEERING MACHINE TOOLS

## FOOD, GROCERIES, ETC.

## FOOD, GROCERIES—Cont.

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

### Commercial Vehicles

### Components

### Garages and Distributors

## NEWSPAPERS, PUBLISHERS

## PAPER, PRINTING ADVERTISING

## PROPERTY

## INSURANCE

## PROPERTY—Continued

## SHIPPING

## SHOES AND LEATHER

## SOUTH AFRICANS

## TEXTILES

## TOBACCOS

## TRUSTS, FINANCE, LAND

### Investment Trusts

## INVESTMENT TRUSTS—Cont.

### Finance, Land, etc.

## OIL AND GAS

## OIL AND GAS—Continued

## OVERSEAS TRADERS

## RUBBERS AND SISALS

## TEAS

### India and Bangladesh

### Sri Lanka

## MINES

### Central Rand

### Eastern Rand

### Far West Rand

### O.F.S.

### Finance

### Diamond and Platinum



## MINES—Continued

### Central African

### Australian

### Tins

### Copper

### Miscellaneous

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 505 | 200 | Northgate C$1 | 200 | −10 | — | — | — |
| 633 | 372 | R.T.Z. | 448 | +6 | 16.0 | 2.3 | 5.1 |
| £130½ | £93½ | Do.9¾%Cn.Un.Ln.'95-2000 | £103½ | +1 | Q9½% | — | †9.4 |
| 103 | 13 | ††SPO Minerals 10p | 14 | ...... | — | — | — |
| 47 | 15 | Sabina Inds. C$1 | 16 | −2 | — | — | — |
| 44 | 21 | ✱Southwest C. 10p | 34 | ...... | — | — | — |
| 650 | 355 | Tara Exptn. $1 | 420 | +5 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | IRISH | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 42 | ...... | | | |
| Bertrams | 17# | ...... | Conv. 9% '80/82 | £95 | ...... |
| Bdg'wtr. Est. 50p | 420 | ...... | Nat. 9¾% 84/89 | £65 | −¼ |
| Craig & Rose £1 | £12¼ | ...... | Fin. 13% 97/02 | £73 | −¼ |
| Finlay Pkg. 5p | 25 | ...... | Alliance Gas | 70 | ...... |
| Graig Ship. £1 | £21 | ...... | Arnott | 210 | ...... |
| Higsons Brew | 68 | ...... | Carroll (P.J.) | 74 | ...... |
| Holt (Jos) 25p | 565 | ...... | Concrete Prods. | 90 | ...... |
| I.O.M. Stm. £1 | 115 | ...... | Heiton (Hldgs.) | 22½xd | ...... |
| Pearce (C. H.) | £10½ | ...... | Irish Ropes | 37 | ...... |
| Peel Hldgs. | 122 | ...... | Jacob | 60 | ...... |
| Sheff. Refrshmt | 80 | −2 | T.M.G. | 13 | ...... |
| Sindall (Wm.) | 200 | ...... | Unidare | 54 | ...... |

## OPTIONS

### 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| | | House of Fraser | 15 | Utd. Drapery | 7 |
| Allied-Lyons | 8 | I.C.I. | 24 | Vickers | 16 |
| BOC Intl. | 15 | "Imps" | 8 | Woolworths | 5 |
| B.S.R. | 8½ | I.C.L. | 5½ | | |
| Babcock | 16 | Ladbroke | 15 | **Property** | |
| Barclays Bank | 42 | Legal & Gen. | 19 | Brit. Land | 7½ |
| Beecham | 21 | Lex Service | 10 | Cap. Counties | 10 |
| Blue Circle | 48 | Lloyds Bank | 42 | Land Secs. | 28 |
| Boots | 19 | "Lofs" | 6½ | MEPC | 20 |
| Bowaters | 24 | London Brck | 7 | Peachey | 14 |
| Brit. Aerospace | 17 | Lucas Inds. | 28 | Samuel Props. | 21 |
| B.A.T. | 38 | "Mams" | 12 | Town & City | 3½ |
| Brown (J.) | 7 | Mrks. & Spcer | 12 | | |
| Burton Ord. | 15 | Midland Bank | 30 | **Oils** | |
| Cadburys | 9 | N.E.I. | 9 | Brit. Petroleum | 26 |
| Courtaulds | 0 | Nat. West. Bank | 38 | Burmah Oil | 10 |
| Debenhams | 7 | P & O Dfd. | 14 | Charterhall | 6 |
| Distillers | 15 | Plessey | 32 | KCA | 14 |
| Dunlop | 6½ | Racal Elect. | 35 | Premier | 6 |
| Eagle Star | 31 | R.N.M. | 6½ | Shell | 30 |
| F.N.F.C. | 4 | Rank Org. Ord. | 20 | Tricentrol | 22 |
| Gen. Accident | 28 | Reed Intnl. | 26 | Ultramar | 38 |
| Gen. Electric | 65 | Sears | 6 | | |
| Glaxo | 42 | Tesco | 5½ | **Mines** | |
| Grand Met. | 17 | Thorn EMI | 42 | | |
| G.U.S. 'A' | 45 | Trust Houses | 21 | Charter Cons. | 25 |
| Guardian | 25 | Tube Invest. | 13 | Cons. Gold | 45 |
| G.K.N. | 15 | Turner & Newall | 11 | Lonrho | 7 |
| Hawker Sidd | 30 | Unilever | 55 | Rio T. Zinc | 42 |

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

# FINANCIAL TIMES

Tuesday February 23 1982



# TUC seeks £1m 'war' fund

BY JOHN LLOYD, LABOUR EDITOR

THE TUC will ask its affiliated unions, which between them have 11.5m members, for a £1.1m "war chest" to support its campaign against the Employment Bill.

The unions will be asked to pay 10p for each member into the fund. The money will be used to help unions involved in legal battles with employers who seek to use the terms of the Bill — now moving into committee stage in the Commons — against them. The TUC may make further calls for levies if required.

The decision to raise a 10p levy marked the one change made by the TUC's employment policy committee yesterday to a draft document laying out the strategy unions will pursue in their struggle with the new legislation. The draft had proposed 5p per member, producing a fund of more than £500,000.

The sole area of contention in the document concerned the TUC's continued participation in the National Economic Development Council, which brings together the unions, Government and the employers. The committee split on Right-Left lines and voted by eight to five to leave out any mention of the move proposed by Left-wingers on the TUC General Council to pull out of the NEDC.

The document goes to the General Council tomorrow and for final ratification to a special meeting of all affiliated unions' executives on April 5. Key proposals are for the General Council to co-ordinate action by unions in support of a union under legal attack by an employer, and to support that union financially where need is proven.

The crucial clause in the document says the TUC would be empowered to "co-ordinate action by other affiliated unions in support of the union in difficulties including if necessary a call for industrial action against the employer concerned, or more widely."

The last alternative means the TUC could call for company- or industry-wide action to put maximum pressure on an employer. Many large employers believe the legislation could aggravate industrial relations. They might be expected to dissuade small employers from creating, or becoming martyrs.

It is a measure of the seriousness with which the unions are treating the threat to their power and their funds in the new legislation that they have been prepared to grant so much of their jealously-guarded autonomy to a "central command" in the General Council.

However, the terms under which the General Council would call for action are hedged around with a number of safeguards. The council would ensure that there was broad support for any action among members of the union concerned, and that members of other unions were willing to be mobilised.

# Mitsui to pull out of Singapore project

By Kathryn Davies in Singapore and Richard Hanson in Tokyo

MITSUI Petrochemical Industries of Japan plans to withdraw from a Y200bn (£462m) Singapore petrochemical complex — the first such project to be developed within the five-nation grouping of the Association of Southeast Asian Nations (Asean).

Mitsui was to have had a 15 per cent share in a plant producing ethylene glycol which is used as a feedstock for synthetic fibre.

Mitsui told its partners it was unwilling to invest in the plant because competition from the U.S. and Canada would make the project unprofitable.

The plant was planned as a satellite to the overall petrochemicals complex.

While Mitsui's decision is not expected to affect the complex as a whole, it casts doubt on the future of the ethylene glycol plant. This is the second time in eight months that a Japanese company has backed out of the proposed 100,000 tonne per year capacity satellite venture. Nissn Petrochemical dropped out of the project last summer.

Other portions of the overall complex, the centrepiece of which is a 300,000 tonne a year ethylene plant, are being built. Construction of the ethylene glycol segment has not yet begun.

The centre, named the Petrochemical Corporation of Singapore, is a 50-50 national project involving Singapore and Japan. The Japanese Government has taken a large share in the venture along with 31 private companies.

Mitsui's partners in the ethylene glycol joint venture were, on the Japanese side, Mitsubishi Petrochemicals, with an 18 per cent share, Japan Catalytic Chemicals with 17 per cent and Sumitomo Chemicals with 2 per cent. Other partners were the Singapore Government with a 23 per cent interest and Royal Dutch/Shell with 20 per cent. The company planned to run the plant is to be called Ethylene Glycols (Singapore) Private Ltd.

Mitsui's 15 per cent share among the existing partners, will have to be reallocated or a new partner will have to be found quickly if the plant is to meet its 1983 operating deadline.

# BL plans new car engine and smaller workforce

BY ARTHUR SMITH, MIDLAND CORRESPONDENT

BL CARS, which has told union leaders that about 850 jobs must go at Longbridge, Birmingham, by the end of next month, plans to introduce a new engine at the factory.

The engine, code-named the "R-series," is based on the "E-series" previously used in the Maxi and Allegro cars. Linked with a bought-in Volkswagen gearbox, it is expected to yield dramatic fuel economies and will be offered in the LM 10, the five-door hatchback to be launched next February.

While looking for collaborative ventures, BL believes it must retain engine-building capacity to maintain its independence as a volume car producer. Radical development of the "E-series" is seen as a low-cost way of introducing a new engine.

Production facilities at Longbridge, where the "E-series" was introduced in 1968, are considered suitable for retooling to adapt to new engines. So investment has been earmarked at Longbridge for a successor to the "R-series" scheduled to be ready in time for the launch of the LM 11 in 1984. BL plans this car as a rival in the fleet market to Ford's present Cortina.

Re-equipment work will start at Longbridge in April. The "R-series" engine is likely to have a cubic capacity of somewhere between the 1500cc and 1750cc offered by the "E-series" engines.

The LM 10, which will be assembled at Cowley, Oxford, ready to be launched within a year, is seen as competition to the VW Golf and Ford Escort. It is likely to be offered in 1275cc, 1700cc and two-litre versions.

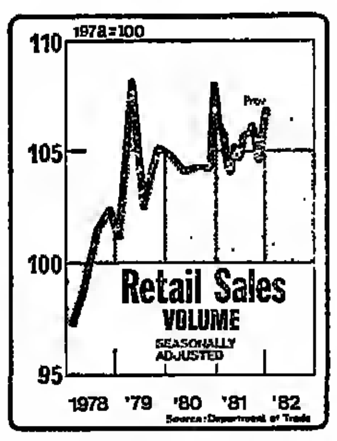
BL has told Longbridge union leaders that 1,500 manual and staff jobs must be lost by the end of this year following the planned ending of Allegro production at the end of March. Almost 200 workers have already volunteered for redundancy but another 850 must go by the end of next month.

While the company is confident there will be sufficient volunteers among manual workers, compulsory redundancies may be necessary among the 850 employees. The balance of the redundancies—up to 500 jobs—are likely to be achieved in the next nine months by natural wastage and voluntary

# Price cuts boosted retail sales

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FIERCE price-cutting during the January sales helped the volume of sales in the shops to rise sharply last month in comparison with the pre-Christmas level of trade.




Figures published by the Department of Trade yesterday show that the provisional index of retail sales volume for January was 107, compared with 104.6 in December. However, the volume of trade in January is still significantly below the index figures of 108.1 for January 1981.

The trend of retail sales volume continues downwards. In the three months from November to January, the volume of sales was 0.5 per cent lower than the previous three months.

The buoyancy of the January volume figures, however, came as a surprise to many retailers yesterday, especially because of the bad weather.

Mr David Johnson, chief executive of the nationwide Rumbelows chain, said January trading was generally poor with the problem persisting into February. "There's no life at all in the High Street at present," he said, and traditional pre-budget buying has failed to materialise so far.

The Argos discount stores chain, part of the BAT group, reports that January sales were down by 3 per cent in value on an exact comparison with January last year.

Mr Bob Lloyd-Jones, director general of the Retail Consortium, which represents the bulk of Britain's retailers, says the volume increase in January in comparison with December shows "how far retailers have been cutting prices and paring their profit margins to the bone."

He said that, on a value basis, sales in January were only 8 per cent higher than in January 1981, which suggested a real fall in spending when inflation was taken into account.

The John Lewis Partnership, one of the leading department store groups, said trade in the week ending February 13, was up 6.9 per cent in value over the same week last year. This is below the store's half year 8.8 per cent increase target.

Most retailers remain pessimistic about recovery in shop spending over the next few months. The Retail Consortium hopes the Chancellor will take note of its pre-Budget submission and cut the rate of VAT to 12.5 per cent.

The retail sales index this month has been rebased on the 1978 retail inquiry with that year now forming the base of the 100 instead of 1976.

The estimated rate of growth of retail turnover since 1979 is thus a little lower, but the pattern of total trade in recent months remains similar. A direct result of the change of base year is that the level of the index is lower than before. The change reduces—by 5 to 6 percentage points—the index level for the last two years.

# CBI will picket offices in rates row

By Andrew Taylor

WEST COUNTRY businessmen will today picket offices of Avon County Council as part of the Confederation of British Industry's campaign against heavy local authority rate increases.

The protest has been organised by the CBI's south-western region, which claims it is the first official CBI picket-line.

Local businessmen due to take part include Mr John Gough, managing director of Kleeneze and vice-chairman of the CBI's south-west region, and Mr Bill Kelson, chairman of Centrapak and leader of the CBI in Avon. In addition to the picket, the regional CBI is also taking full-page newspaper advertisements locally and distributing thousands of leaflets. Both will include lists of county councillors and their home telephone numbers.

Mr Chris Curtis, CBI regional director, said that if Avon council approved proposed increases on Thursday, its rate precept would have risen by 39.8 per cent since April last year.

The council, however, said that the increase included the impact of a 9p supplementary rate last autumn. If this were taken into account, the proposed 1982/83 rise worked out at 29.4 per cent.

The proposed increase takes account of "reductions in central government grants; reverse cuts in services made by the previous Conservative Council and to fund a very modest increase in the development budget."

However, the CBI says the planned increase is the largest yet proposed by any English county council. It also says it has evidence of neighbouring counties attempting "to poach" new industrial investment on the basis that their rate increases are lower than those proposed for Avon.

Meanwhile, in the North-East the State-owned English Industrial Estates has appealed to local authorities not to charge rates on its factories and warehouses when these become vacant.

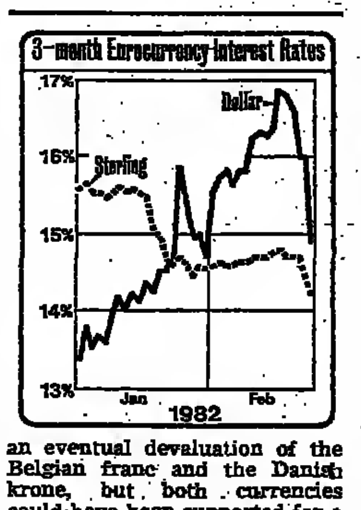
It has warned several councils that it may have to review some of its investment decisions if it is faced with paying rates on empty buildings.

The corporation—which aims to stimulate employment through the building of advance factories, largely in assisted areas—is particularly critical of the attitude of Northumberland and Tyne and Wear county councils. It says that it currently has around 500,000 sq ft of vacant factory space in the two counties on which it is having to pay "empty rates."

## THE LEX COLUMN

# Encouragement for the bulls

At last an encouraging set of U.S. money supply figures over the weekend allowed the UK gilt-edged market to get off the leash yesterday. Early encouragement came from the Government broker, refusing the jobbers' bids for the short tap Exchequer 13¾ per cent 1987 "A." £20 paid, at 20¾ and at successive ⅛ intervals thereafter. In the end he dealt at 21 but by that time appetites had been well and truly whetted and many applicants were scaled down by a half in the amount they tried to buy. Subsequently the failure of the authorities to launch a new tap in the afternoon helped to send the price to 21⅜ after hours.




The gilt-edged market is now untapped save for a low coupon short and the index-linked issue for the pension funds at the long end. So although the authorities managed to find one or two small tranches of oddments to feed out to the market, gains at the long end stretched in all to more than two points on the day. The Bank of England helped to keep the party going by cutting its intervention rates in the money market and in the meantime, of course, acting to keep the Amersham punting money smoothly rolled over; three-month interest rates were generally down a quarter of a point or so.

All this leaves the bulls in full cry. There is unlikely to be another new tap before the Budget, runs one argument; inflation could be into single figures by the April calculation, goes another. As for last week's uncomfortable M1 surge, and continued growth in the broader monetary aggregates, surely the authorities by their actions are indicating their faith in something much more encouraging next month?

Well, perhaps. It may be more accurate to say that the *Bank of England is exploiting* the room permitted by the recent weakness of U.S. short term interest rates to get sterling rates down, and the U.S. Federal Reserve was continuing to co-operate yesterday. The performance of sterling on the foreign exchanges is crucial; yesterday it was well, but only moderately so.

## Currencies

The weekend realignment of the EMS maintained the reputation of member central banks for springing changes on an unsuspecting market. The fundamentals have pointed towards an eventual devaluation of the Belgian franc and the Danish krone, but, both currencies could have been supported for a while yet by recourse to the European Monetary Fund any interest rate management.

The timing of the move underlines the recent impression that Europe's central banks will resist paying the domestic cost of high interest rates just in order to support their currencies against the U.S. dollar. Belgium followed the devaluation with an immediate cut in Treasury Bill rates, while the central banks in London and Paris allowed money market rates to fall yesterday.

The foreign exchange markets seem less preoccupied with short-term interest rate differentials than they were for most of last year but the weekend realignment may still make it awkward for the Banque de France to continue its easier money market policy without direct support for the franc.

## Nottingham Manfg.

Nottingham Manufacturing has been saving for a rainy day. Yesterday's preliminary figures for 1981 not only show that the group has regained its growth tack, with a £4m increase in pre-tax profits to £19m. Just as significantly, they also show a £9.3m jump in cash to £55.7m—or 79p a share.

Until recently significant acquisitions have been few and far between. Last month, however, the group bought the choicest UK carpet-making assets of Homfray from the receiver. The price—at about £1½m—represents the kind of substantial discount that could offer the prospect of profits. Nottingham has no interest in paying takeover premiums, but with the liquidity problems of many textile companies still growing, it expects to be able to repeat several Homfray-type deals in the coming months.

Overall demand for textiles has been fairly stagnant, but Nottingham has made sharp gains in market share, with volume in the second half up by more than 10 per cent. The Marks and Spencer relationship has shown its worth here, although carpets have also pushed ahead slightly, with import competition from Belgium rather more manageable than that from the U.S. a year earlier—at least before the franc's devaluation. So in spite of the scarcity of price rises, better volumes have helped boost net margins significantly.

The second half saw a 40 per cent increase in net investment income; in fact investment income alone covers the dividend more than 1½ times. The shares rose 5p yesterday to 167p, to produce a yield of 3.9 per cent and a p/e of 12¼, fully taxed. Ex-cash the p/e is 6¼.

## Rank

The Rank Organisation's accounts confirm that most of its interests apart from Rank Xerox are still making very poor returns. Excluding investment properties and the stake in Rank Xerox, assets employed amount to some £385m — which produced trading profits of well under £30m in 1980-81. As a result, operating cash flow still barely covers fixed asset and working capital needs, and the dividend payment is twice the size of current cost earnings.

However this ought to be the year when the Rank-controlled activities finally start to come right, after surgery which has cost nearly £35m after tax in the last two years. Although parts of the industrial division still need to be tidied up, the major rationalisation effort seems to be over and there are hopes of a worthwhile improvement in the industrial, hotels, and Australian businesses. Taken together, these activities tie up maybe £150m of capital, and produced very little profit last year.

This thought, along with bid stories, helps to explain the recent firmness in the share price. However, Rank Xerox, which accounts for over four fifths of pre-tax profits, would be too much of a mouthful for all but the very biggest predators — and its short term profits outlook is not dazzling.

Continued from Page 1

# Oil price

the agency said the present oil glut had benefitted the U.S. but had "caused starvation to the other people in the oil producing countries."

With Opec's total production last year falling to 22.5m barrels a day—the lowest level since 1969—member countries have again become net borrowers of funds. It is the first time since 1978 that Opec has had to be a net borrower of funds from Western banks, according to the Bank for International Settlements.

# Civil Service

Continued from Page 1

wording is "the best that can be obtained," and that it is "pointless" to pursue further the protection of shift and other allowances which the unions have been urging.

The draft agreement offers considerable consultation to the unions on the introduction of new technology, as well as the no-redundancy pledge. Investment appraisal, the effects on manning levels, on standards of service, and on implications for the community at large will all be taken into account in the consultation.

Departments will not bring any new equipment into use before full consultation has been carried out. Unions will not impede the start or progress of any phases of development, including studies and preliminary trials, before the consultation has been completed.

Even though they have secured the no-redundancy clause, the unions have failed to win the improvements in benefits—particularly a shorter working week—which they were seeking as a prerequisite for the introduction of new technology.

The deal is important for the Government—and not just because 1982 has been designated the Year of Information Technology.

Full approval by the unions would finally remove the threat of non-co-operation which has been hanging over the two years of negotiations on the issue, and would give the go-ahead to the introduction of such important systems as the computerisation of PAYE, of the records of the Driver and Vehicle Licensing Centre, and of National Insurance and Social Security records.

# Former Rank executive paid £155,000

BY DUNCAN CAMPBELL-SMITH

MR ED CHILTON, a former executive director of The Rank Organisation with responsibility for its Leisure Services and Hotels division, has been paid £155,000 as compensation for his loss of office in January, 1981.

The figure was published yesterday in Rank's report and accounts for 1981. But Mr Chilton appeared anxious that his severance deal be viewed in a different light from such notable precedents in recent months as the planned payments worth about £560,000 to Mr Jack Gill, the former deputy to Lord Grade at Associated Communications Corporation.

The payment was "no golden handshake anyway — it was merely what was due to me by my contract," said Mr Chilton. This was last renewed in 1979 for three years as a "rolling" contract requiring three years notice of termination from either side.

Mr Chilton resigned from Rank a year ago when a reorganisation of the group led to the disappearance of the division under his responsibility. The reorganisation into five new divisions was prompted by the decision of Mr Harry Smith, the chairman, to retire after the 1982 annual general meeting next month.

"There was no comparable job in the new structure for Mr Chilton and it was amicably agreed that he would resign," said the company yesterday.

Mr L. H. Bood, Rank's personnel director, said that the severance deal had been "negotiated with the lawyers and auditors in line with the terms of Mr Chilton's contract." It would not affect the status of his pension which was based in the normal way upon Mr Chilton's leaving salary.

He is believed to have been earning about £40,000 a year as a divisional director. He was appointed to this position in 1976, having joined Rank as a management trainee in 1953. Now 52, he has been managing director of a film financing company, World Film Services, since last September.

Rank is still without a finance director to replace Mr Peter Courtney who resigned late last year. The company said yesterday that it was progressing "quite well" towards an external appointment which it hoped to announce "within a month."

Annual report, Page 18

# Weather

## UK TODAY

FROST early and late with icy patches and bright intervals. Temperatures near or a little below normal.

**London, S. England, the Midlands, N. England**
Frost and icy roads early and late, with fog in places by night and hazy sunshine. Max 6C (43F).

**S.W. England, Channel Isles**
Mostly dry but cloudy with bright intervals later. Max 9C (48F).

**Wales, N.W. England**
Sunny intervals with light NW wind. Max 8C (46F).

**Lakes, S.W. Scotland, N. Ireland**
Mostly dry with fog clearing to give sunny intervals. Max 7C (45F).

**N.E. England, Borders, N.E. Scotland**
Showers, some wintry, with bright intervals developing and fog at night. Max 5C (41F).

**W. Scotland, the Highlands**
Variable cloud and a few showers, some wintry. Max 7C (45F).

Outlook: Dry at first and unsettled later.

## WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Cpnhgn | C | — | 27 | Paris | F | 3 | 37 |
| Corfu | R | 11 | 52 | Perth | F | 32 | 90 |
| Denvert | F | 7 | 45 | Prague | F | −1 | 30 |
| Dublin | C | 6 | 43 | Reykjvk. | C | 2 | 38 |
| Dbrvnk | Sn | 1 | 34 | Rhodes | R | 13 | 55 |
| Ednbgh | C | 4 | 39 | Rio J'o | | — | — |
| Faro | C | 14 | 57 | Rome | S | 8 | 46 |
| Florence | S | 4 | 39 | Salzbrg. | C | −3 | 27 |
| Frankfr. | F | 4 | 39 | S F'cisct | C | 9 | 48 |
| Funchal | F | 18 | 64 | S. Moritz | | — | — |
| Geneva | C | 2 | 36 | Singapr. | | — | — |
| Gibrltr. | F | 15 | 59 | S'bagot | | — | — |
| Glsgow | C | 4 | 39 | Stckhm. | S | −5 | 23 |
| Grnsey | C | 5 | 41 | Strasbg. | F | 3 | 37 |
| Helsinki | S | 1 | 34 | Sydney | | — | — |
| H. Kong | C | 16 | 61 | Tangier | C | 14 | 57 |
| Innsbrk | S | −2 | 28 | Tel Aviv | S | 20 | 68 |
| Invrnss | C | 6 | 43 | Tenerife | S | 21 | 70 |
| I.o.Man | C | 4 | 39 | Tokyo | S | 11 | 52 |
| Istanbl | C | 6 | 43 | T'ronto† | C | 0 | 32 |
| Jersey | C | 5 | 41 | Tunis | C | 13 | 55 |
| Jo'burg | F | 26 | 79 | Valencia | S | 16 | 61 |
| L. Plms. | C | 19 | 66 | Venice | S | 2 | 36 |
| Lisbon | F | 13 | 55 | Vienna | Sn | −3 | 27 |
| Locrno | Sn | −1 | 30 | Warsaw | C | −6 | 21 |
| London | S | 6 | 43 | Zurich | F | −2 | 28 |

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.



Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.